

# Information on BCV's policy for managing conflicts of interest regarding financial services

## I. Objectives

This document has been prepared for BCV's clients to inform them of BCV's policy for managing conflicts of interest. It has three objectives:

- to define the scope of the policy and the categories used,
- to set out the guidelines that BCV follows in identifying and managing potential or actual conflicts of interest,
- to set out the rules for informing clients of conflicts of interest when such conflicts cannot be avoided with reasonable certainty.

## II. Scope

This document applies to financial services provided, i.e. all wealth-management and institutional-asset-management activities, to market operations and to securities account management and administration.

## III. Categories of conflicts of interest

Actual or potential conflict-of-interest situations can arise between:

- A. BCV's own interests and those of one or more clients,
- B. the interests of BCV employees and those of one or more clients,
- C. the interests of two or more clients.

BCV's pursuit of financial gains in line with the market is not in itself a behavior that generates a conflict of interest.

## IV. Guidelines

BCV applies the following guidelines in its efforts to identify and manage conflicts of interest:

- it undertakes to treat its clients equitably and honestly,
- it is committed to complying with all legal and regulatory requirements regarding the appropriate way of identifying and managing conflicts of interest;
- it applies the need-to-know principle, which means that an employee is provided only the information necessary to carry out his or her work;
- it sets up physical and electronic barriers that allow it to limit and control the flow of information between certain fields of activity, where applicable;
- it trains its staff to detect and manage situations that could give rise to a conflict of interest and asks them to be attentive to potential conflicts of interest and to take all measures required to identify and manage such conflicts, to the extent practicable;
- it expects its employees to not act against the interests of its clients;
- it takes measures deemed reasonable to ensure that the compensation and bonus system for employees is consistent with best practices and in keeping with the overall objectives of this document.

For all other matters, BCV has issued internal directives concerning organizational measures, its employees' own dealings, the receipt and bestowing of favors and other benefits (e.g., gifts and invitations) by its employees, and the allotment of newly issued securities.

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

Measures to limit the risk of a conflict of interest have been set up, including for the following situations:

- i. incentives received by BCV from third parties (e.g., retrocessions and financial advantages)
- ii. proprietary trading transactions
- iii. investing in BCV and third-party products
- iv. transactions with no economic interest
- v. employee transactions
- vi. employee compensation (e.g., variable components, gifts, and invitations)
- vii. an employee's outside activities
- viii. shareholder engagement
- ix. allotments during a primary issue
- x. allocations when bulk orders are placed
- xi. setting the price in cross trades between two BCV clients

A table showing the main situations that can give rise to a conflict of interest and summarizing the mitigating measures is annexed to this document.

## VI. Communicating conflicts of interest

Where the organizational or administrative measures taken pursuant to Section IV above in order to prevent conflicts of interest from harming clients' interests are not enough to ensure with reasonable certainty that the risk of harm to clients' interests will be avoided, BCV will handle the conflict of interest by refusing to provide the corresponding service or by informing the client or third party concerned, in an appropriate manner, of the existence and nature of the conflict of interest and of the resulting risks.

The information will be provided on a durable medium and with sufficient detail, given the nature of the client, so that the client may be able to make an informed decision about the service associated with the conflict of interest.

Annex: Table showing the main conflicts of interest and the mitigating measures BCV has put in place

# Annex – Information on BCV’s policy for managing conflicts of interest

Category	Type	Description	Measures	Objectives
<p>(A) Conflicts of interest between BCV and one or more clients</p>	Incentives received from third parties	<ul style="list-style-type: none"> <li>If BCV receives monetary (e.g., retrocessions and financial advantages) or non-monetary benefits from third parties, a conflict of interest with the Bank's duty of loyalty to its clients could arise.</li> </ul>	<ul style="list-style-type: none"> <li>Using financial instruments without retrocessions</li> <li>Separating the functions of the investment team and the department that receives the monetary benefits</li> <li>Keeping financial analysis fees and transaction fees separate</li> </ul>	<ul style="list-style-type: none"> <li>To prevent a breach of the Bank's duty of loyalty to its clients</li> </ul>
	Proprietary trading transactions	<ul style="list-style-type: none"> <li>If BCV carries out a proprietary trading transaction based on insider knowledge of a client's trade order, a conflict of interest with BCV's duty of loyalty to its clients could arise. This is the case whether the transaction is carried out before ("front-running"), at the same time ("parallel-running"), or after ("after-running") the client's order is executed.</li> </ul>	<ul style="list-style-type: none"> <li>Internal directive on market operations and obligations to investors</li> <li>Conducting an independent audit of proprietary trading transactions</li> </ul>	<ul style="list-style-type: none"> <li>To prevent a breach of the Bank's duty of loyalty to its clients</li> </ul>
	Investing in BCV products	<ul style="list-style-type: none"> <li>If an excessive portion of a client's portfolio is invested in BCV products and those products are not in line with the client's profile or investment objectives, a conflict of interest with the Bank's duty of loyalty to its clients could arise.</li> </ul>	<ul style="list-style-type: none"> <li>Internal investment policy</li> <li>Implementing diversification measures</li> </ul>	<ul style="list-style-type: none"> <li>To prevent an excessive, unjustified concentration of BCV products in clients' portfolios</li> </ul>
	Transactions with no economic interest	<ul style="list-style-type: none"> <li>Clients' securities may be traded merely to increase the transaction volume and generate greater revenues for the Bank ("churning") and therefore not be in the clients' economic interest.</li> </ul>	<ul style="list-style-type: none"> <li>Using an all-in fee</li> <li>Internal directive on market operations and obligations to investors</li> <li>Prohibiting transactions with no economic interest</li> </ul>	<ul style="list-style-type: none"> <li>To prevent transactions from being carried out solely to generate revenues for the Bank</li> </ul>

# Annex – Information on BCV’s policy for managing conflicts of interest

Category	Type	Description	Measures	Objectives
<b>B</b> Conflicts of interest between BCV employees and one or more clients	Employee transactions	<ul style="list-style-type: none"> <li>If BCV carries out a proprietary trading transaction based on insider knowledge of a client's trade order, a conflict of interest with BCV's duty of loyalty to its clients could arise. This is the case whether the transaction is carried out before ("front-running"), at the same time ("parallel-running"), or after ("after-running") the client's order is executed.</li> <li>Insider information could be misused for an employee's or third party's own benefit.</li> </ul>	<ul style="list-style-type: none"> <li>Internal directive on employee transactions</li> <li>Internal directive on market operations and obligations to investors</li> <li>All employees undergo training, and Asset Management employees commit to abide by the rules in place to prevent market abuse</li> <li>Compliance team monitors transactions</li> </ul>	<ul style="list-style-type: none"> <li>To prevent a breach of the Bank's duty of loyalty to its clients</li> <li>To prevent employees from committing market abuse</li> </ul>
	Employee compensation (e.g., variable components, gifts, and invitations)	<ul style="list-style-type: none"> <li>If the variable component makes up a significant portion of an employee's compensation, they might be motivated to provide financial services that are not in line with clients' needs.</li> <li>If a BCV employee accepts monetary or non-monetary benefits (e.g., gifts and invitations), a conflict of interest with the Bank's duty of loyalty to its clients could arise.</li> </ul>	<ul style="list-style-type: none"> <li>Internal directive on employee transactions, employee handbook, and policy on variable compensation</li> <li>Employees are prohibited from soliciting or accepting gifts or other benefits, except for customary, infrequent, or symbolic gifts, or gifts with little monetary value</li> </ul>	<ul style="list-style-type: none"> <li>To prevent a breach of the Bank's duty of loyalty to its clients</li> </ul>
	An employee's outside activities	<ul style="list-style-type: none"> <li>An employee's outside activities could create a conflict of interest with their duty of loyalty to clients (e.g., if the employee is a real-estate agent).</li> </ul>	<ul style="list-style-type: none"> <li>Internal directive on employee transactions and employee handbook</li> <li>Employees must get the Bank's approval before beginning an outside activity; certain types of activities that may create a conflict of interest are prohibited</li> </ul>	<ul style="list-style-type: none"> <li>To prevent employees' personal objectives from interfering with their duty of loyalty to clients</li> <li>To keep track of and approve employees' activities outside the Bank.</li> </ul>

Category	Type	Description	Measures	Objectives
© Conflicts of interest between two or more clients	Allotments on the primary market	<ul style="list-style-type: none"> <li>A client may be placed at a disadvantage without a valid reason, especially during primary issues, and in violation of BCV’s internal rules on allotments.</li> </ul>	<ul style="list-style-type: none"> <li>Internal directive on allotments during a primary issue</li> <li>Rules on subscriptions, oversubscriptions, and allotments on the primary market in Switzerland</li> </ul>	<ul style="list-style-type: none"> <li>To prevent arbitrary allotments during primary issues</li> </ul>
	Allocations when bulk orders are placed	<ul style="list-style-type: none"> <li>A client may be placed at a disadvantage without a valid reason when partial fills of bulk orders must be allocated.</li> </ul>	<ul style="list-style-type: none"> <li>Internal directive on market operations and obligations to investors</li> <li>Allocating partial fills of bulk orders proportionally based on original quantity proportions; rules are in place for when quantities cannot be allocated proportionally</li> </ul>	<ul style="list-style-type: none"> <li>To prevent arbitrary allocations of partial fills</li> </ul>
	Setting the price in cross trades between two BCV clients	<ul style="list-style-type: none"> <li>The trade price could be set without reference to the market price and, as a result, be more advantageous for one client over another.</li> </ul>	<ul style="list-style-type: none"> <li>Internal directive on market operations and obligations to investors</li> <li>Internal procedure to protect the interests of the various clients concerned</li> </ul>	<ul style="list-style-type: none"> <li>To prevent cross trades between clients from being carried out at a price that would benefit one more than another</li> </ul>