



**H2O**  
Asset Management

# Global Conflicts Of Interest Policy

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Each updated version cancels and supersedes any prior version

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Attributes	
<b>Purpose</b>	To describe global principles in relation to conflicts of interest that should be followed by all Entities belonging to Group H2O AM, Employees and any third party representing the Group.
<b>Scope</b>	H2O Asset Management LLP H2O AM Europe H2O AM Asia Pte. H2O Monaco H2O Switzerland
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## 1. Key Considerations

### Summary

This document sets forth the Group H2O AM’s Global Conflicts of Interest Policy. H2O AM and its Affiliates are required to take all reasonable endeavours and appropriate steps to identify and to prevent or manage, record and, where relevant, disclose actual or potential conflicts of interest between itself (including its managers, employees, directors and any person directly or indirectly linked) and its clients and between one client and another. H2O AM and its Affiliates are also required to maintain and operate effective organizational and administrative arrangements. At each update, this Policy shall be comprehensive and reflect both the nature of the business activities and the Group structure. Each updated version cancels and supersedes any prior version.

### Commitment

“Client First” is a core business principle of H2O AM and its Affiliates. This principle informs all Group H2O AM’s dealings with clients. That means everyone who works at or represents Group H2O AM is bound by this principle as well as by the rules and principles set forth by this Policy and as long as she or he undertakes activities under the Group H2O AM brand name. This Policy shall be strictly enforced. False or Misleading communications are not accepted. Clarity and completeness are fundamental to our conflicts of interest management.

### Clients’ Information

This Policy is made available through the H2O AM’s website. In preparing the document, every effort has been made to reflect Group H2O AM’s priorities that are to better inform its clients and to ensure the accuracy of the information presented. However, if you require further clarification and/or if the current document doesn’t answer your questions, please contact us via [clientservices@h2o-am.com](mailto:clientservices@h2o-am.com). You can also use H2O AM’s Complaints Policy available on the website if you feel the need to escalate a disagreement. Requests for clarification or claim, whatever the in-house’s channel of communication, are free of charges as long as requests can be handled internally.

### Document Category within Group H2O AM

Group Policy
  Non- Group Policy  
 Group Procedure
  Non- Group Procedure

### Scope of Staff/Employees

All Staff
  All H2O AM’s Representatives
  Restricted to:

## 2. Business Structure

H2O Asset Management LLP is an asset management company authorized and regulated by the UK Financial Conduct Authority (“FCA”). It is the parent company of:

- The wholly-owned subsidiaries: **(a) H2O AM Europe**, registered in France as an asset management company and regulated by the Autorité des Marchés Financiers (“AMF”); **(b) H2O AM Asia Pte. Ltd**, registered in Singapore as an asset management company and regulated by the Monetary Authority of Singapore (“MAS”); **(c) H2O Monaco**, registered in Monaco as an asset management company and regulated by the Commission de Contrôle des Activités Financières (“CCAF”).
- H2O AM Europe is the parent company of: **(d) H2O Switzerland**, registered in Switzerland but it is not a regulated entity.
- Other subsidiaries: **(d) Prometheus Wealth Management** is an independent wealth management company registered and regulated by the Commission de Contrôle des Activités Financières (“CCAF”); **(e) Poincaré Capital Management** is a Hong Kong based investment management firm licensed and regulated by the Hong Kong Securities and Futures Commission.

**Note :** H2O AM LLP and its wholly-owned subsidiaries will be hereafter individually referred to as the “Firm”, “Entity” or “Affiliate” and collectively referred to as the “Group H2O AM”, “Firms”, “Entities” or “we”.

### 3. Policy Coverage

This Global Conflicts of Interest Policy (referred to as “Policy”) is applicable to all Group H2O AM Entities and their Employees (referred to as “Employees” or “Staff Members”). Where necessary, each Entity may have an additional policies and procedures that will supplement this Policy when is required by the local National Competent Authority (referred to as “NCA”).

Subsidiaries that are not wholly owned shall have their own policies that should comply with the core principles of this Policy.

This Policy cannot cover every possible situation that may arise in the conduct of Group H2O AM’s business. If Employees are uncertain about how to react to a particular circumstance, a single question often can avoid a serious problem. If Employees have any questions, they should contact the Compliance Team. In addition, Employees must contact the Chief Compliance Officers (referred to as “CCOs”) if they have any reason to believe that a violation of the requirements set forth by this Policy has occurred or is about to occur.

### 4. Core Principles

In the ordinary and proper course of business, as in any financial institution providing products and services to a number of clients, situations resulting in potential or actual conflicts of interests may arise. It is essential that such conflicts of interests are identified and prevented or managed, recorded and, where appropriate, disclosed. This is important to protect the interests of our clients and Group H2O AM, as well as to comply with regulatory and legal requirements. **H2O AM and its Affiliates are committed to conduct activities in accordance with the highest standards of business conduct.**

Under Principle 8 of the FCA’s Principles for Businesses<sup>1</sup> and other FCA requirements, as well as equivalent regulations in other jurisdictions where the Group H2O AM operates, we are required to pay due regard to the interests of each client and to manage any conflicts of interest fairly, both between our Firms and our clients and between a client and another client.

This means identifying not only ‘actual’ conflicts of interest, where there is a current conflict between current duties and/or interests but also ‘potential’ conflicts of interest, where a future conflict of interest is likely to materialise, and ‘perceived’ conflicts of interest, where the appearance of a conflict of interest may be created.

**H2O AM and its Affiliates are required to take all reasonable endeavours and appropriate steps to identify, manage, record and, where relevant, disclose actual or potential conflicts of**

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<sup>1</sup> FCA Principles for Business 8: “A firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.”

interest, including its managers, employees, directors and any person directly or indirectly linked.

Failing to identify and appropriately prevent and/or manage conflicts of interest could result in a range of adverse consequences for Clients, Group H2O AM and Employees, such as financial loss, reputational damage, loss of client business, regulatory sanctions, judgement, risk of litigation and loss of trustworthiness; for individuals as well as the Entities involved. **Failure to comply with this Policy and associated policies and procedures will result in disciplinary action up to, and including, dismissal.**

## 5. Approach To Conflicts Management

Each Firm must take all reasonable steps in order to ensure that a conflict of interest does not adversely affect the interests of Clients, the Firm, its shareholders or other stakeholders through the identification, prevention and management of the conflict of Interest. Some conflicts of interest are not permitted as a matter of law or regulation and others are permitted so long as the Firm has an appropriate means by which to manage them.

Group H2O AM employs a number of means, individually or in combination, to manage conflicts of interest including, but not limited to:

- Organisational arrangements:
  - Information barriers to prevent or control the exchange of information between members of staff engaged in activities involving a risk of conflict of interest where the exchange of that information may harm the interests of one or more clients.
  - Functional independence and separate supervision of relevant members of staff whose main functions involve carrying out activities or providing services for clients whose interests may conflict, or otherwise represent interests that may conflict.
  - A review of remuneration arrangements in the Firm where these might give rise to conflicts of interest in relation to the activities or services provided by the relevant members of staff.
  - Reassignment of members of staff to prevent or control the simultaneous or sequential involvement of relevant members of staff in separate services or activities where such involvement may impair the proper management of conflicts of interest.
- New businesses, like new products or new activities, are assessed in light of current activities and the interests of existing clients.
- Policies and Procedures including:
  - specific requirements that apply in relation to the receipt of gifts and hospitality, as set out in the Gifts and Hospitality Policy; and
  - specific requirements that apply in relation to personal account dealing, as set out in the Personal Account Dealing Policy.

Where conflicts are unavoidable, appropriate measures shall be taken to mitigate and manage such conflicts in a manner that seeks to ensure that neither the Firm nor the Employees are advantaged. The clients' interests remain paramount.

**Appendix N°1, The Conflicts of Interest Inventory**, records a non-exhaustive list of situations identified that may create a Conflict of Interest at each Entity as well as the mitigating management actions for each.

Effectiveness and time-constancy are fundamental to any preventive measures. Preventive measures and/or mitigating actions have been defined with regard to several factors, especially regarding to the context where the conflicts identified have been raised and the probability of occurrence in terms of activities and business.

Every person linked, directly or indirectly to Group H2O AM and acts under its brand name must:

- Read, understand and attest to this Policy and the Conflicts of Interest Inventory, including the preventive measures and mitigating actions; and
- Execute the preventive measures and mitigating actions.

H2O AM and its Affiliates shall review the Conflicts of Interest Inventory and the preventive measures and mitigating actions it contains at least once year, or more frequently as necessary. Any review is to be conducted with the support of the Compliance Team.

## 6. Tips for Identifying Conflicts

Generally speaking, a conflict of interest occurs when the interests of a client are at odds with the interests of the Firm, Employees or other clients. It's not always obvious but some behaviour may highlight an issue, making us consider whether a conflict of interest may arise. Examples of this include, but are not limited to:

- The Firm and/or the Employees failing to fulfil a duty of care, trust or loyalty owed to another person or entity such as a Client;
- Employees' professional judgement and objectivity being compromised and/or Employees failing in the proper discharge of their duties and responsibilities;
- Employees engaging in unethical conduct; and/or
- The Firm obtaining or appearing to obtain improper advantage or treatment or any matters giving rise to the appearance of impropriety and reputational damage, including as it relates to the manner in which business is awarded to or by the Firm.

## 7. Scenarios & “Specific Examples”

A non-exhaustive list of common Conflicts of Interest is described below:

### 7.1. Client-related conflicts Scenarios

There are some business situations where potential conflicts arise naturally like where the Firm, an Employee or a third party representative:

- Is likely to make a financial gain, or avoid a loss, at the expense of a client (including the AIFs managed by the Firm and the AIF investors);
- Has an interest in the outcome of a transaction carried out on behalf of a client, which is distinct from the client's interest in that outcome;
- Has a financial or other incentive to favour the interests of one client or group of clients over interests of another client;
- Carries out the same business as the client; or
- Receives or will receive an inducement from a person other than the client in relation to services provided to the client in the form of monetary or non-monetary benefits or services.
- Has a financial or other incentive to favour the sale of a particular product or service to a Client which is not in the best interest of the Client.

## **7.2. Entity-related conflicts Scenarios**

- A Staff Member's interest in the outcome of a particular activity or product differs from the entity's interest;
- A Staff Member (or, where applicable, a family member or close personal relation of a Staff Member) receives a financial or other significant benefit as a result of the Employee's position at the entity that is inappropriate in nature;
- A Staff Member has the opportunity to influence the entity granting business or making administrative and other material decisions in a manner that leads to personal gain or advantage for the Staff Member or a family member or close personal relation;
- A Staff Member's existing financial or other interest or previous engagement in an endeavour or activity or relationship with another person, impairs or could impair their judgment or objectivity in carrying out their duties and responsibilities to the entity;
- A Staff Member favours the interest of one Affiliate over another Affiliate of the Firm which is inconsistent with the best interest of the Firm including in connection with the selection of vendors; or
- A Conflict of Interest arises in connection with a transaction or arrangement entered into between the Firm and a material shareholder or with Affiliates or with affiliates of the Parent Company of the Firm.

## **8. Disclosure & Client Consent & Declining to Act**

### **8.1. Gentle Reminders**

H2O AM and its Affiliates must prevent and manage conflicts, not merely disclose them. Disclosing conflicts of interest is a measure of last resort that should only be used where the organisational and administrative arrangements established are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented. In such circumstances the Entity must continue to comply with its contractual duties to its clients.

The FCA and other Regulators have made it clear that over-reliance on disclosure will be a strong indication that a firm's policy is ineffective and inadequate.

## **8.2. Disclosure and Client Consent**

Where permissible and appropriate, Firm may decide in particular circumstances that the Client should be made aware of a potential conflict of interest and of the arrangements that are or will be put in place to manage the conflict. Disclosure to an affected Client may be made to inform the Client of the arrangements and/or to specifically seek Client consent to act. Disclosure is designed to inform the affected Client by explaining:

- the risks to the Client that arise;
- That the organisational and administrative arrangements that are or will be established 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; and
- In sufficient detail to allow that Client to take an informed decision with respect to the service in the context of which the conflict of interest arises.

Where activities are subject to MiFID requirements, a disclosure is required to be made prior to the provision of the relevant investment service and/or ancillary service in a durable medium and must be in sufficient detail so as to enable the Client to make an informed decision as to whether to accept the provision of the relevant service.

## **8.3. Decline to Act**

Where the Firm considers that it is not able to manage the conflict of interest in any other way, it may decline to act for a Client.

# **9. Tools & Controls & Reporting**

## **9.1. Conflicts Inventory & Register**

H2O AM maintains an up to date at the Group Level:

- **Conflicts of Interest Inventory (also called potential conflicts of interest register)**, at least once year. This tool records an examples of conflicts of interest that may arise and the mitigating measures and
- **Conflicts register**, on an ongoing basis. This tool logs and records all actual conflicts. Each entry in the register shall include: • the type of conflict; • the date of when the conflict was identified; • a description of the conflict; • how the conflict is managed, mitigated and controlled; and • when the conflict was last reviewed by the Management Body.

## **9.2. Control Testing & Assessment**



The Compliance and Internal Control Team ensure for each entity belonging to Group H2O AM:

- Tests its controls related to the management of conflicts on a regular basis to identify and remediate gaps identified in those controls.
- Performs risks assessment on a regular basis.

### **9.3. Training**

All Employees receive a copy of the Policy, and receive ongoing training in respect of conflicts of interest.

### **9.4. Policy Updates**

This policy and related documentation shall be reviewed at least once a year and amended where considered necessary by Compliance Team. The review by the Compliance Team should include considering changes in relevant regulation, feedback from regulators, changes in Group H2O AM's business and activities, any input from business units and any other relevant information. The reviewed and amended policy and related documents prepared by the Compliance Team shall be submitted to each Local Executive Committee for review and approval.

## **10. Governance**

Conflicts of Interest are a standing agenda item for the Legal Risk and Compliance Committee, as well as the Executive Committee, and the Supervisory Board.

Everyone who works or represents Group H2O AM contributes to effective management of conflicts of interest whatever his or her function. All Employees are required to comply with the Policy:

- All Employees are responsible to identifying any relevant situation that isn't recorded in the Conflicts of Interest Inventory or Conflicts Register and must report such situation to the Compliance Team, as well as assessing the effectiveness of any preventive measures or mitigating actions identified;
- The Compliance Team shall ensure a regular update of the Conflicts of Interest Inventory and Conflicts Register as well as other controls, and report breaches that have been identified where applicable. They should also assess the Policy effectiveness and where necessary, advise the upgrade or removal of existing rules at each annual review.
- Each Local Executive Committee shall opine on conflicts management effectiveness and decide which measures will be taken regarding recurrent breaches. In addition to the Compliance Team, the relevant business head will be empowered to monitor the resolution and remediation of the conflict.

## **11. Appendices List**



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Appendix 1 – Conflicts of Interest Inventory

Appendix 2 – Employees Acknowledgement of receipt