

Swiss Life Asset Managers UK Limited

Conflicts of Interest Policy

FCA Ref Number: 229228

April 2023

Swiss Life Asset Managers UK Limited is authorised and regulated by the United Kingdom’s Financial Conduct Authority (the “FCA”) in the conduct of regulated investment business.

The FCA expects a firm’s policies and procedures to be reflective of its business. Consequently it is likely that enhancements and alterations be periodically made to this document to reflect regulatory changes and changes and developments in the business.

This is a living document and will be updated when necessary each amendment should be logged to ensure staff are aware which version of the policy is current.

Amendments Log:

Version	Date of Release	Approved by:	Summary of Changes:
V1	16 December 2014	Compliance Officer and Board of Directors	Initial publication
V2	24 May 2016	Compliance Officer	Pre-approval of gifts and benefits >£100 by CEO or CIO
V3	21 March 2017	Compliance Officer	Periodic review and update of outside business interests policy in line with Swiss Life requirements
V4	23 October 2017	Compliance Officer	Updated collateral from Cordium
V5	12 October 2020	Compliance Officer	Incorporation of responsible investment and stewardship principles
V6	30 November 2021	Compliance Officer	Annual review
V7	18 March 2022	Compliance Officer	Periodic update

CONFLICTS OF INTEREST

Introduction

Conflicts of interest may arise as a result of:

- ownership structure;
- business relationships between asset owners and asset managers, and/or the assets they manage;
- differences between the stewardship policies of managers and their clients;
- cross-directorships;
- fund, client or beneficiary interests diverging from each other (fiduciary conflicts)

In 2020 Swiss Life Asset Managers UK adopted the principles of the UK Stewardship Code 2020 (“Code”). Principle 3 of the Code specifies that signatories to the Code manage conflicts of interest to put the best interests of clients and beneficiaries first, including disclosing their conflicts policy and how they identify and manage conflicts, etc. This policy is consistent with the principles for handling conflicts of interest as set out in the Code. This policy is reviewed and updated where necessary on an annual basis. A copy is published on the Firm’s website.

The Firm is part of the Swiss Life group of companies and, as such, the above noted controls and inventory shall also take into account any circumstances, of which the Firm is, or should be aware, which may give rise to a conflict of interest arising as a result of the structure and business activities of other members of the group.

Identification of Conflicts

The Firm’s Board of Directors is responsible for implementing systems and controls designed to prevent conflicts of interest in the business of the Firm. These are outlined in the Conflicts Inventory, which is updated as and when a new conflict is identified and reviewed on a periodic basis.

Conflict Prevention

Where a potential conflict is identified, the Firm will seek to organise its business activities in a manner that prevents the crystallisation of the conflict. This will include the appropriate segregation of functions and business lines such that a level of independence may be achieved. To the extent appropriate to the size and scale of the business, this may involve, inter alia:

- Information barriers to prevent or control the exchange of information between employees 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 employees 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 employees.

- Reassignment of employees to prevent or control the simultaneous or sequential involvement of relevant employees in separate services or activities where such involvement may impair the proper management of conflicts of interest.
- Policies and procedures covering Inducements, Personal Account (PA) dealing and external interests.

However, it is accepted that, despite the implementation of all appropriate controls to prevent the occurrence, the complete avoidance of all conflicts may not be feasible in a commercial environment.

Conflict Management

Where conflicts are unavoidable, the Firm will take appropriate measures to mitigate and manage such conflicts in a manner that seeks to ensure that the Firm and its employees are not advantaged and that no client is adversely effected. The clients' best interests remain paramount.

Conflicts Disclosure

Where the Firm is not reasonably confident that it is able to manage a particular conflict to adequately protect the interest of a client, the fact of /or sources of conflicts of interest will be clearly disclosed to the client, and the Firm will obtain formal consent to proceed from the client before the Firm undertakes any business.

In particular, the disclosure will detail:

- A specific description of the conflicts of interest;
- An explanation of the risks to the Client that arise;
- That the organisational and administrative arrangements established by the Firm 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
- Sufficient detail to enable that Client to take an informed decision with respect to the service in the context of which the conflict of interest arises.

This disclosure will only be made as a matter of last resort. Further, the fact of the disclosure is not considered to be a mitigant. All the controls detailed in this policy will continue to be applied, in respect of that conflict. The disclosure will be made via the terms of business and/or periodic reports.

Conflict Monitoring

The Firm has implemented a number of procedures and controls to detect conflict situations as they arise and the Firm's Board of Directors shall ensure that the Conflicts Inventory is updated accordingly. Once conflicts have been identified, further procedures and controls monitor the effectiveness of the management arrangements of such conflicts.

In addition, the Firm's Compliance Monitoring Programme incorporates a certain number of specific tests which are aimed at reviewing the Firm's performance in the management of conflicts that it has identified.

Conflicts Reporting and Management Information

The Firm's Board of Directors shall review on a periodic basis the Conflicts Inventory, register of Outside Business Interests and the results of any conflicts monitoring where exceptions have been raised. Where deficiencies are reported, the Firm's Board of Directors will ensure that appropriate steps are taken to address the identified deficiencies.

Gifts and Corporate Entertainment

The Firm has a Gifts and Entertainment Policy to ensure that gifts and entertainment, when both offered or received, do not give rise to a conflict of interest with the Firm's duties to its clients.

Inducements

Inducements are only allowed to be offered or received if they:

- Are necessary for the provision of investment services and would not give rise to a conflict of interest;
- Are designed to enhance the quality and service provided to clients; and
- Do not impair the Firm's ability to act honestly, fairly and professionally in the best interest of its clients.

Outside Business Interests ("OBI")

Conflicts of interest and reputational business considerations may arise where employees or persons connected to them have interests that are unconnected to the individual's role within the firm.

Examples of such OBI include but are not limited to:

- executive and non-executive directorships, including such appointments where the employee represents the interests of Swiss Life Asset Managers UK or any member of the Swiss Life group;
- political appointments;
- military or emergency services appointments;
- public appointments with church bodies, schools, charities and other not-for-profit organisations;
- acting as a trustee;
- consultancy and advisory roles.

The following underlying principles apply:-

- Any OBI must not prevent the employee from fulfilling the requirements of their employment contract with Swiss Life Asset Managers UK, in particular the working hours;

- Any OBI must not lead to a conflict of interest with any business or client of Swiss Life Asset Managers UK or any member of the Swiss Life group;
- Any OBI must not create any significant financial, operating, regulatory, reputational or other risk to Swiss Life Asset Managers UK or any member of the Swiss Life group;
- Any outside public or political function must be undertaken in the individual's own name and at their own risk.

Employees must:

- disclose and seek approval in writing for any existing OBI when they join Swiss Life Asset Managers UK;
- obtain pre-approval in writing before entering into a new OBI;
- notify any OBI of connected persons in writing;
- disclose in writing whether they or their connected persons have or have had any material connection to a present service provider of the firm for the past six months.

All disclosures, requests for approval and other correspondence regarding an OBI should be made in writing to the Compliance Officer. The Compliance Officer will seek consent as necessary from the Firm's Board of Directors. All consented OBIs are recorded on the list of outside business interests maintained by the Compliance Officer.

Employees must notify the Compliance Officer as soon as possible in writing of any significant change in an OBI. The Compliance Officer will decide whether the outside activity needs to be re-approved.

Such re-approval is required in the event of:-

- a conflict of interest with any business or client of Swiss Life Asset Managers UK or any member of the Swiss Life group;
- the time commitment has increased by 5 hours a week or more;
- legal proceedings affecting the outside business or organisation.

Remuneration from an OBI is treated as follows:

- All remuneration derived from external appointments where the employee is representing Swiss Life Asset Managers UK or any member of the Swiss Life group should be paid to Swiss Life Asset Managers UK or Swiss Life as appropriate;
- All remuneration derived from other activities is retained by the individual;
- Reimbursed expenses from all activities are retained by the individual.

Controls:

- The Compliance Officer may request that outside activities are confirmed once a year;
- Spot checks may be carried out on risk-based criteria.

Notification of conflicts to the Compliance Officer

Employees must ensure that they notify, and where applicable, obtain permission from the Compliance Officer prior to entering into an arrangement or agreement that could potentially conflict with the Firm's duties to its clients.

Education and Awareness

Employees must comply with the operating controls and procedures established by the Firm. If employees are unsure whether a conflict exists, or require guidance on the mitigating controls, they should consult with the Compliance Officer.

Employees are made aware of, and have access to, the Firm's Compliance Manual which contains the Firm's conflicts arrangements. In addition, employees are required to give an annual undertaking of adherence to the Firm's Compliance Procedures, including Personal Account Dealing and receipt of Gifts and Inducements.

Employees also receive both formal and informal training in respect of conflicts of interest generally and on specific or potential conflicts to the Firm.

Further Information

If you would like further information in relation to this Conflicts of Interest Policy please contact the Firm's Compliance Officer