



2023

Conflicts of Interest Policy

PineBridge Investments Europe Limited (the “Company”)

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1. Introduction

PineBridge Investments Europe Limited (the “Company”) is primarily involved in the provision of portfolio management services. Due to the nature of these business activities, there are instances where a conflict of interest may arise.

A conflict of interest is where competing obligations, interests, motivations or actions may damage the interests of a client or investor. Conflicts may arise between the interests of the Company (or PineBridge Group), or its employees, and the interests of one or more clients.

The Company must comply with specific requirements set out by the Financial Conduct Authority (“FCA”) within Principal 8 and SYSC10 of the FCA Handbook which set out the need to manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.

Following the UK’s withdrawal from the EU, the Company is now subject to the provisions of The Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018 (SI 2018/1403), herein referred to as UK MiFID, which aims to ensure the regime established by the EU Markets in Financial Instruments Directive II (“MiFID II”) and the Markets in Financial Instruments Regulation (“MiFIR”), collectively known as MiFID II in this policy document, function effectively post Brexit. In relation to conflicts of interest, MiFID II requires investment firms to take all appropriate steps to identify and to prevent or manage conflicts of interest between themselves, employees and tied agents, or any person directly or indirectly linked to them by control and their clients or between one client and another that arise in the course of providing any investment and ancillary services, or combinations thereof, including those caused by the receipt of inducements from third parties or by the investment firm’s own remuneration and other incentive structures.

This policy sets out the Company’s arrangements for identifying, preventing and managing conflicts of interest.

2. Objectives

In overview, this policy seeks to:

- Provide consistent and practical guidance on identifying, preventing and managing conflicts of interest.
- Outline the Company’s internal systems and controls for managing conflicts of interest.
- Ensure employees are aware of their obligations and responsibilities when handling inside or other material non-public information.

3. What is a Conflict of Interest?

A conflict of interest may arise during the provision of services to clients. A conflict of interest may be deemed to exist between:

- The interests of the Company, or its employees, and the interests of one or more clients. For example, a potential conflict of interest may arise where an employee receives an inducement to place orders with a certain broker which may not be in the client’s best interests.

- The interests of the PineBridge Investments Group, or an activity performed by PineBridge Investments Group, and the interests of one or more clients. For example, a potential conflict of interest may arise where the Company offers preferential treatment to a member company of the PineBridge Investments Group ahead of another client. This could include situations where a public announcement is made in respect of a certain issuer, which influences the Company to sell all stocks relating to the issuer. The Company may sell positions from the member company's portfolio ahead of other clients in order to minimise the loss to the member company.
- The interests of two or more clients. For example, a potential conflict of interest may arise where the Company is managing a portfolio on behalf of two clients, which have similar objectives. The Company could execute a preferred trade strategy for one client which results in a material risk of damage to the interests of the other client (e.g. through the timing of when orders are placed and executed).

4. Identifying and Managing Conflicts of Interest

All employees must ensure that they are aware of the types of circumstances which could result in a conflict of interest. These include situations where the Company, or an employee:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of the client.
- 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 interests in that outcome.
- Has a financial or other incentive to favour the interest of another client, or group of clients, over the interests of the client.
- Carries on the same business as the client.
- Receives or will receive, from a person other than the client, an inducement in relation to the service provided to the client, in the form of monies or non-monetary benefits or services, other than the standard commission or fee for that service. For details on minor non-monetary benefits please refer to Appendix 1

Refer to Appendix 2 for examples of potential conflicts of interest which may arise.

Where a potential conflict is identified, this is reviewed in accordance with Company procedures and steps put in place in order to manage the conflict.

5. Preventing and Managing Conflicts of Interest

The Company has established systems and controls to effectively prevent and manage conflicts of interest within the Company.

The systems and controls currently used by the Company, include, but are not limited to:

- Information Barriers
- Remuneration and Supervision Procedures
- Global Watch and Restricted Lists
- Trading Restrictions
- Proxy Voting Procedures
- Code of Ethics
- Controls on Inducements
- Employee Training

These are set out in further detail below.

6. Information Barriers

The Company has implemented permanent information barriers, known as Chinese Walls, in order to prevent the flow of inside or other material non-public information between certain business units.

A physical Chinese Wall has been established which acts as a barrier between the private and public sides of the Company, namely between business units which ordinarily have access to inside or other material non-public information and those which do not. However, the Company has also established virtual Chinese Walls between the business units on the private side. These are intended to ensure that inside or other material non-public information is only exchanged on a need to know basis and potential conflicts of interest arising between the clients of one business unit and the clients of another business unit are avoided.

The Company's has established an Information Barrier Policy which contains further information and guidance.

7. Remuneration and Supervision

In some instances, a potential conflict of interest may arise between different activities performed by the Company. As such, the Company has identified business activities, where if the supervision and remuneration of employees engaged in those activities were linked, this could result in a conflict of interest. Therefore, the supervision and remuneration of relevant persons engaged in these activities must not be linked. This is to prevent inappropriate influence over the way in which a relevant person carries out a certain service or activity.

The Company has established a remuneration policy which seeks to minimise potential conflicts of interest and protect the independence and robustness of the Company's business model.

8. Global Watch and Restricted Lists

The Company has established a Global Restricted List ("GRL") and a Global Watch List ("GWL") to mitigate potential conflicts of interest. These are lists of issuers and related securities in relation to which the Company has imposed specific restrictions or prohibitions on certain activities, such as personal account dealing or recommending a specific investment strategy.

9. Trading Restrictions

The Company may impose a trading restriction on either a particular issuer or security. This may be due to the following reasons:

- An actual or perceived conflict of interest arising between an activity being undertaken for the client in one business area and another business activity.
- A clause in a confidentiality or exclusivity agreement signed with a particular client.
- In order to comply with the Company's legal and regulatory obligations.

All trading restrictions will be added to the GRL. All employees must ensure they are aware of the trading restrictions which are applicable to them.

The types of restrictions which are applied will vary according to the sensitivity of the deal. These may include not recommending certain stock or trading in a specific issuer. All trading activity is monitored by Compliance, so breaches of these restrictions will be captured.

10. Proxy Voting

Proxy voting is an important right of shareholders for which reasonable care and diligence must be undertaken to ensure such rights are properly and timely exercised. PineBridge Investments, as a fiduciary for its clients, must vote proxies in each client's best interest.

As a registered adviser that votes (or delegates the voting of) securities held in client portfolios, PineBridge Investments has implemented proxy voting procedures that are designed to ensure that the Company votes proxies in the best interest of its clients, to describe its proxy voting procedures to its clients and provide copies on request, and to disclose to clients how they may obtain information on how the Company voted their proxies. The procedures are designed to enable the Company to deal with material conflicts of interest.

11. Code of Ethics

PineBridge Investments has established a group wide Code of Ethics which is applicable to all staff in all offices around the world.

The Code of Ethics is intended to address three fundamental principles that must guide the personal investment activities of employees in light of their fiduciary duties:

- Place the interests of clients first. All employees must avoid serving personal interests ahead of client's interests.
- Avoid taking inappropriate advantage of their position.
- Conduct personal investing activities in such a way as to avoid even the appearance of a conflict of interest with investment activities undertaken for clients.

The Code of Ethics provides detailed guidance on situations where potential conflicts of interest may arise, including:

(a) Personal Account Dealing

The Company has established and implemented detailed guidelines on personal account dealing. These are set out in the Code of Ethics. Personal account dealing refers to transactions which are carried out by an employee, or on their behalf.

The Company does not permit any personal transaction which is likely to conflict with the Company's obligations to its clients. Relevant persons are not permitted to enter into a personal transaction which could give rise to a conflict of interest or which could result in the relevant person misusing inside and other material non-public information.

(b) Gifts and Entertainment

Offering and/or accepting Gifts and Entertainment is appropriate provided there is a business purpose, the expense incurred are ordinary and necessary and the Gifts or Entertainment falls within the Code of Ethics and all relevant laws and regulations. The offering or accepting of gifts and entertainment must not, under any circumstances, conflict with any duty the Company owes to its clients. See Appendix 1 for examples of benefits that are permissible under MIFID II.

(c) Outside Business Interests

All employees must ensure they adhere to the Company's requirements in respect of external interests.

External interests include the following:

- Any directorships of private or public companies (this includes any directorships held at the Company's request).
- Any investments in private or public companies.
- Any positions of responsibility with charities.
- Other positions of responsibility, such as Treasurer of a local sports club.

Employees are required to obtain prior approval before taking up an external interest.

The Company also requests an annual attestation from employees, requiring them to confirm any external interests they hold. All employees holding external interests must ensure that their appointments do not conflict with their obligations to the Company. External interests must not compromise the Company's integrity or the duties it owes to its clients.

12. Inducements

The Company does not permit employees to accept or offer inducements which may impair the Company's duties to act honestly, fairly and professionally in accordance with the clients' best interests. An inducement includes any fee, commission or non-monetary benefit paid to or provided by a third party.

Any fee, commission or non-monetary benefit which is provided to or by the client or a person acting on behalf of a client, which is necessary for the provision of services are not considered as inducements.

Employees are only permitted to accept or offer inducements in a limited number of circumstances. These are:

- where they are designed to enhance the quality of service to the client;
- where they do not impair the Company's or employees' duty to act in the best interests of the client; and
- where they are disclosed to the client. The disclosure must include appropriate information on the nature and size of the inducement. Where an exact sum is not known, the method of calculating the amount should be disclosed. The disclosure should be made in a comprehensive, accurate and understandable manner and should be sufficient to allow the client to make an informed decision about whether or not to proceed with the relevant transaction.

13. Sustainability Considerations

In identifying the types of conflicts of interest the existence of which may damage the interests of a Fund or Mandate, PineBridge shall consider those types of conflicts of interest that may arise as a result of the integration of sustainability risks in the processes, systems and internal controls of PineBridge as well as the development of ESG or “green” products. Such potential conflicts are amongst others things that when designing or marketing products, there is a risk of greenwashing (i.e. overstating a product’s green credentials) and mis-selling and misrepresentation of investment strategies in the interest of attracting assets for a product given increasing investor demand for “green” products. Relevant Persons may be incentivised from a remuneration perspective to establish green products and to gather assets for such products to receive inducements or gifts and entertainment from clients and the remuneration policy should remain consistent with and promote sound and effective risk management (including, without limitation, the management of sustainability risks).

Where the adoption or the application of one or more of those measures and procedures does not ensure the requisite degree of independence, the Company shall adopt such alternative or additional measures and procedures as are necessary and appropriate for those purposes

14. Training

The Company has established a training programme to ensure that all employees are aware of their obligations in respect of conflicts of interest and understand the need for the Company to identify and manage conflicts of interest.

The Company has implemented both face to face training and one to one briefings, which are arranged by the Compliance department. The Compliance Department is responsible for the following:

- Designing the content of the training.
- Delivering training to all employees, including new joiners.
- Monitoring attendance at training sessions.
- Ensuring training material remains up to date and accessible to employees as reference material.

15. Disclosure and Declining to Act

Where the Company is unable to manage a conflict of interest it is required to disclose the conflict of interest to the client. Such a disclosure will be made as a last resort, and will include:

- The general nature or the sources of the Conflict of Interest.
- The steps taken to mitigate the risk of detriment to the Client.
- Sufficient detail, taking into account the nature of the Client, to enable the Client to make an informed decision concerning the Company’s services in relation to which the Conflict of Interest arises; and
- A statement that the organisational and administrative arrangements established by the Company to manage the Conflict of Interest may not be sufficient to ensure that the risks of damage to the interests of the Client will be prevented

16. Conflicts of Interest Register

A conflicts of interest register is maintained by the Company. The purpose of the conflicts of interest register is to allow the Company to maintain a record of the types of potential conflict of interest which could arise in relation to the activities undertaken by the Company.

17. Record Keeping

The Company has established and regularly maintains a record of the types of services and activities it carries out where a potential or actual conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or may arise.

The Company maintains these records in line with applicable record retention requirements.

Appendix 1

Minor Non-Monetary Benefits

Under MIFID II the following benefits qualify as acceptable minor non-monetary benefits:

- (i) information or documentation relating to a financial instrument or an investment service, is generic in nature or personalised to reflect the circumstances of an individual client, including macro research;
- (ii) written material from a third party that is commissioned and paid for by an corporate issuer or potential issuer to promote a new issuance by the company, or where the third party firm is contractually engaged and paid by the issuer to produce such material on an ongoing basis, provided that the relationship is clearly disclosed in the material and that the material is made available at the same time to any firms wishing to receive it or to the general public;
- (iii) participation in conferences, seminars and other training events on the benefits and features of a specific financial instrument or an investment service;
- (iv) hospitality of a reasonable de minimis value, such as food and drink during a business meeting or a conference, seminar or other training events mentioned under point (iii); and
- (iv) other minor non-monetary benefits which the relevant competent authority deems capable of enhancing the quality of service provided to a client and, having regard to the total level of benefits provided by one entity or group of entities, are of a scale and nature that are unlikely to impair compliance with a firm's duty to act in the best interest of the client.

All acceptable minor non-monetary benefits will be reasonable and proportionate and of such a scale that they are unlikely to influence the Company's behaviour in any way that is detrimental to our client's interests.

Appendix 2 - Examples of Potential Conflicts of Interest

| Conflict type | Description | Management |
|---------------------------------|---|---|
| Directorships | A situation may arise where the Company has made a direct investment in company A and employees hold a directorship in the company as a result. A conflict of interest may arise where company A is included as a target company in a portfolio managed by the Company. | The Company has implemented an information barrier around the direct investments team to prevent the flow of information. Procedures for maintaining information barriers are set out in the conflicts of interest policy. |
| External interests | A potential conflict of interest may arise where a portfolio manager holds an external interest in a company which they are looking to include in a portfolio they manage. | All employees are required to obtain approval from the Head of Compliance prior to taking up an external interest. The Company has set out procedures in the conflicts of interest policy and the Code of Ethics which all employees are required to adhere to. |
| Personal account dealing | A potential conflict of interest may arise where an employee misuses information of an impending client investment (or divestment) to inform their decision on whether to make a personal transaction (either to buy or sell) in the same company. | The Company has established stringent personal account dealing procedures which all employees must adhere to. Requirements are set out in the conflicts of interest policy and the Code of Ethics. |
| Remuneration and bonuses | The remuneration of certain employees is linked to the performance of specific portfolios. This could lead to employees making 'short term' decisions in order to increase their remuneration, without taking into consideration the long term objectives of the particular client. | The Company has established a remuneration policy. |
| Clients with similar strategies | A potential conflict of interest may arise where Company undertakes investment management activities for two or more clients with similar investment strategies and one client is favoured over the other client. | Employees must ensure that one client is not favoured over another client. All employees are responsible for ensuring that conflicts of interest are effectively identified and managed. The Compliance department will perform periodic monitoring to ensure that the conflict is effectively managed. |
| Proxy voting | A potential conflict of interest may arise where the Company holds proxy voting rights in a company and the direct investments team is | The Company has set out a detailed proxy voting policy to ensure that potential conflicts of interest are managed and the |

| Conflict type | Description | Management |
|---|---|---|
| | recommending an investment in or a takeover of the same company. The Company could use its proxy voting rights to influence the outcome of the target company's decision. | Company does not misuse its position and acts in the best interests of the shareholders for whom it holds proxy voting rights. |
| Investing in a Group company | A potential conflict of interest may arise where the Company includes an investment in either the Company itself, or another company with the same Group, as part of a specific portfolio management strategy. | In this situation, the Company would disclose the conflict of interest to the client and require client consent before proceeding with the investment. |
| Investments in funds | A potential conflict of interest may arise where the Company may invest, on behalf of a client, in another fund which the Company manages. | Adherence to investment guidelines and restrictions are monitored by the Portfolio Managers and Compliance Department. |
| Inducements | A potential conflict of interest may arise where the Company receives an inducement from a third party for either making a specific investment or for executing trades with a specific broker, which could result in the Company not acting in the best interests of the client. | <p>Employees are not permitted to accept inducements. The Company has set out specific procedures in the inducements section of the conflicts of interest policy.</p> <p>Employees must also adhere to the Code of Ethics.</p> <p>Where a Non EU delegate of the Company receives an inducement in the form of research such inducement is dealt with in line with FCA guidance, namely a budget is drawn up and steps are taken to avoid conflicts arising as a result of the inducement having been received.</p> |
| Inside or other material non-public information | The Company may receive inside or other material non-public information in respect of either a client or an investment target, which the Company could misuse for either its own benefit or for the benefit of other clients. | The Company has established information barriers to prevent the flow of such information to other business units. These are detailed in the conflicts of interest policy. |
| Choice of execution venue | The Company has a detailed list of execution venues in the best execution policy, which traders must adhere to. A potential conflict of interest could arise in respect of the brokers or execution venues which are included on the list, for example a broker could be included due to a family connection. | The Company has established a broker policy, which sets out strict criteria which all brokers and execution venues must meet in order to be included on the list of approved brokers and execution venues. |