

Conflict of Interest Procedure & Ethics Framework

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Last Review	02/08/2024	Author	Régine Daumann
Version	1.4	Approved by	Ladislav d'Aillières

Regulatory References

- Monetary and Financial Code: Article L 533-10
- AMF General Regulation: Articles 321-46 to 321-50
- AFG Code of Ethics: Articles 69 and 81
- AIFM Delegated Regulation: Article 30
- Delegated Regulation 2017/565 (MiFID II): Article 33

1. Scope of Activities and Persons Concerned, and Conflict of Interest Prevention

S14 CAPITAL has implemented a conflict of interest prevention policy aimed at identifying and analyzing potential conflict situations.

A conflict of interest is defined as any professional situation where the judgment or decision-making of a person in a company or organization can be influenced or compromised in their independence or integrity by personal considerations or external pressure from a third party. Generally, a conflict may exist whenever a situation could harm a client's interests.

The entities or individuals covered by the conflict of interest procedure are:

- Employees of S14 CAPITAL
- Clients of S14 CAPITAL
- Service providers of S14 CAPITAL

Conflicts of interest may arise between the various entities or individuals mentioned above, such as between S14 CAPITAL employees and a client or between two clients of S14 CAPITAL. The RCCI (Head of Compliance and Internal Control) has developed a system for identifying and monitoring these conflicts of interest. This system provides for regular monitoring (risk committees in March and September) to identify new potential conflicts of interest. In some cases, the RCCI may need to inform its clients/service providers of such a conflict.

S14 CAPITAL also ensures that its employees and managers are aware of the following principles:

- Act with loyalty and confidentiality;

- Prioritize clients' interests and treat them fairly;
- Identify, prevent as much as possible, and address any conflict of interest situation in the best interest of the clients.

All the procedures drafted also aim to prevent conflicts of interest, such as procedures on personal transactions, gifts and benefits received, the remuneration policy, market abuse procedures, the selection of service providers, or the best selection and execution procedure.

All S14 CAPITAL employees receive a copy of the procedures applicable within S14 CAPITAL. Additionally, S14 CAPITAL has adopted the AFG code of ethics. The transmission of the procedures applicable within S14 CAPITAL and the AFG code of ethics is documented by a signed document that is archived in S14 CAPITAL's files for at least five years after an employee's departure.

2. Identification of Potential Conflict of Interest Cases

The procedure aims to identify and document major conflicts of interest (current and potential).

The types of conflicts are listed in an Excel file titled "Conflict of Interest Mapping."

The conflict of interest mapping:

- Identifies potential conflicts and describes them
- Describes the preventive solution to be implemented
- Specifies the probability of occurrence, potential impact, and residual risk

It distinguishes different types of conflicts of interest (this list is not exhaustive):

- Internal organization and procedures: variable compensation of employees, dual roles.
- Financial management of managed portfolios: pre-allocation system, trading errors, transactions between managed portfolios.
- Proprietary trading and personal transactions of employees: proprietary trading of the management company, personal subscription (management company, managers, employees) of shares or units of in-house funds, exercising voting rights to the detriment of investors.
- Direct and indirect remuneration of the management company: excessive turnover of portfolios solely to increase transaction fees, non-compliance with investment strategy solely to increase variable management fees, holding excessive non-remunerated cash in funds.
- Inequitable treatment between clients and investors: unfair treatment between a client with privileged ties to the managers and other clients, acceptance of gifts or advantages offered by a client/investor that could influence the managers.
- Related companies: possible intervention of a related company or one of its managers or employees to influence SGP (Portfolio Management Company) decisions, investment of managed portfolios in financial instruments issued by a company with capital ties to SGP.
- Selection of financial intermediaries/brokers: taking into account economic relations, close personal relations, or family ties between the company's managers or employees and the concerned service providers in choosing financial intermediaries.
- Relations with distributors and issuers: preferential treatment of a distributor or fund in terms of information on positions or decisions taken by SGP.
- Selection of service providers: considering economic relations, close personal relations, or family ties between the company's managers or employees and the concerned service providers in choosing them.

The conflict of interest mapping records potential cases and is updated by S14 CAPITAL's RCCI. It is their responsibility to keep this document up to date.

It is updated:

- Periodically, semi-annually during Q1 (March) and Q3 (September) risk committee meetings.
- Continuously: identification of potential or confirmed conflicts of interest may occur at any time and will be reported to the RCCI for updating the conflict of interest register or the conflict of interest mapping if necessary.

Identification of these conflicts can also be made by any S14 CAPITAL employee who can inform the RCCI by any means (phone, email, mail).

Mappings are archived for a minimum of five years.

3.Management and Monitoring of Confirmed Conflicts of Interest

S14 CAPITAL maintains a register of confirmed conflict of interest situations and measures taken to mitigate and manage these conflicts in a way that ensures neither S14 CAPITAL, its employees, nor its clients are advantaged or disadvantaged in any way.

The RCCI (or another manager if the RCCI is involved) will handle this conflict of interest and decide whether to inform clients. They will implement a conflict of interest prevention system and specify the conflict resolution date.

If necessary, new procedures and controls will be put in place to measure the effectiveness of managing the conflict.

These measures are reviewed annually during the risk committee meetings.

4. Communication of a Conflict

In some cases, and when necessary for managing a particular conflict of interest, S14 CAPITAL may clearly and comprehensibly communicate to its clients the general nature and source of the conflict, especially before engaging in the activity or relationship causing the conflict of interest.

If the risk of harming the client's interests cannot be avoided despite the conflict of interest management system in place, S14 CAPITAL informs the client and decides with them on the measures to be taken.

5. Review of the Procedure and Availability

This procedure, the conflict of interest mapping, and the register of confirmed conflicts of interest are subject to annual control by the RCCI as part of the permanent control plan and will be reviewed annually by S14 CAPITAL during this control.

This procedure and the mapping or register can be provided upon simple request from clients/investors.