

# **Monument Assurance Belgium NV**

## **(“MAB”)**

### **Conflicts of Interest Policy**

**Dated: 25<sup>th</sup> March 2020**

## Document Control Sheet

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## **1. Introduction**

### **1.1. Statutory Requirements and good business practice**

1.1.1 The National Bank of Belgium (the “**NBB**”) Corporate Governance Circular for Insurance Undertakings 2016 sets out minimum statutory requirements on how insurance companies should organise the governance of their institutions (NBB\_2016\_31). In addition to this, it is a fundamental requirement for good business practice, and to help mitigate the risk of legal liability, that all potential conflicts of interest are either avoided altogether or properly managed if allowed to exist.

### **1.2. Protection of customers**

1.2.1 Identifying and managing conflicts of interest is fundamental to the conduct of our business, our relationships with customers and the markets in which we operate. Understanding the conflicts of interest that potentially impact the businesses, enables us to handle them appropriately. The risk of such conflicts of interest not being properly managed and controlled is that:

- customers may not be adequately protected;
- confidence in financial markets and our services could be undermined; and,
- legal claims may be asserted.

### **1.3. Purpose of the Policy**

1.3.1 The purpose of this document is to set out the approach for the identification, avoidance, mitigation and management of conflicts of interest across Monument Assurance Belgium and its Service Providers.

1.3.2 This Policy is part of a set of MAB’s Governance Policies and should not be considered in isolation but as part of the overall governance framework.

1.3.3 The purpose of the policy is also to ensure that the Company is compliant with the requirements of Article 258(5) of the Level 2 Solvency II requirements, Article 277 of the Law

April 4, 2014 regarding insurance undertakings and the Royal Decree of February 21, 2014 regarding the rules of conduct and the rules regarding the management of the conflicts of interest within the insurance industry (the “**Royal Decree**”), and the provisions of the new Belgian Companies Code.

#### **1.4. Policy Scope**

- 1.4.1 The principles set out in this Policy apply to all Monument employees, workers, directors, agency workers, consultants and contractors, irrespective of their location, function, grade or standing. References to employees should be taken as being any of the above.

#### **1.5. Definitions**

- 1.5.1. “**Conflict of Interest**”, A conflict of interest occurs when (i) the concerns or aims of a person are incompatible with those of Monument Assurance Belgium (or if it has the potential to be incompatible); or (ii) a person is in a position (or have the potential to be in such position) to derive personal benefit from actions or decisions made in their capacity as an employee, officer, director or other person acting on behalf of Monument Assurance Belgium, and in consequence there is a material risk of damage to the interests of one or more of those parties.
- 1.5.2. For the purpose of this policy, when identifying conflicts, the interests of Monument include those of its directors, employees, appointed representatives, tied agents, contractors and those providing services to Monument or its appointed representatives under an outsourcing arrangement (known collectively as ‘relevant persons’).
- 1.5.3. Examples are provided in Annex 1.

## **2. Ownership and review information**

### **2.1 Policy ownership**

- 2.1.1 The Compliance Officer (“CO”) is responsible for the implementation, review and maintenance of this policy.
- 2.1.2 This Policy should be reviewed at least annually by the CO, who recommends this Policy for review and approval by the Board at least annually. More frequent review and update shall be required in the event of changes to the nature, scale or complexity of MAB’s operations, and/or changes to applicable regulations.

### **2.2 Exemptions to this Policy**

- 2.2.1 Any deviation from the principles outlined in this policy shall be communicated in writing to the CO with the supporting rationale.
- 2.2.2 It is not expected that dispensations to this Policy will be required other than in exceptional circumstances. Requests for dispensations should be made to the CO. The Board of MAB should be aware of this request and the outcome of same.
- 2.2.3 Compliance with this Policy is mandatory and if it is that any employee detect any non-compliance with this Policy or that it may be impossible, the matter must be raised with your Line Manager, or Compliance Officer, seeking approval, if necessary.

### **2.3 Breach of this Policy**

- 2.3.1 A breach of this Policy may result in disciplinary action, which could lead to dismissal.
- 2.3.2 Any breaches of policy will be reported to the Risk Management, Internal Audit, Compliance and/or Actuarial functions, as relevant for the performance of their duties

### **3. System of Governance**

#### **3.1 Board of Directors**

3.1.1 The Board is ultimately accountable for ensuring the Group maintains high standards of ethical behaviour and professional conduct at all times. The key responsibilities of the Board include:

- Reviewing and approving this Policy at least annually;
- Receiving a report on material conflicts of interest, not less than annually; and
- Overseeing key controls with respect to decision making where potential conflicts may preclude Board members or other personnel from participating in decisions.

3.1.2 The Board has nominated the CO to be responsible for the implementation and maintenance of the Policy. The CO carries out these responsibilities in accordance with the laws and regulations of Belgium.

#### **3.2 Management Committee**

3.2.1 MAB's Management Committee supports the Board in effectively discharging its responsibilities by reviewing and recommending this Policy to the Board for approval at least on an annual basis; and challenging the effective development and implementation of this Policy, in light of the Group's and MAB's strategy.

#### **3.3 Compliance Officer**

3.3.1 The Compliance officer is responsible for:

- Ensuring that the Company has in place and has taken reasonable steps to prevent conflicts of interest from giving rise to a material risk or damage to MAB and considering mitigating actions to manage such conflicts;
- Implementing and monitoring the effectiveness of controls to manage conflicts of interest;
- Maintaining all written conflicts of interest as part of the Company's books of record at the Company's registered office;
- Recording all discussions at board of director meetings relating to conflicts of interest (whether of board members or otherwise) in sufficient detail in the minutes of the

meeting concerned, together with a record of any action taken or proposed to be taken;

- Maintaining records of material conflicts of interest and reporting the same to the Board on a periodic basis; and
- Escalating any material breaches to the Policy to the Board.

3.3.2 Any (potential) breaches of the requirements of this Policy should be reported to the Compliance Officer.

#### **4. Policy Principles and Requirements**

4.1.1 Conflicts of interest shall be identified on a timely basis.

4.1.2 Each conflict of interest shall be effectively managed, mitigated, reported and monitored in adherence to applicable legal and regulatory requirements.

4.1.3 Governance mechanisms and reporting processes shall be in place to ensure that conflicts of interest are managed in line with the Group's and MAB's strategy and reported in accordance with the reporting obligations.

#### **5. Management of conflicts**

##### **5.1 Identification and management of conflicts**

5.1.1 MAB shall implement measures to the timely identification of conflicts or potential conflicts of interest. Appendix 1 sets out examples where conflicts of interest may arise.

5.1.2 In identifying the circumstances which constitute or may give rise to a conflict of interest, the Company should ensure that the following are taken into account at a minimum:

- whether a director, management of a person of influence is likely to make a financial gain, or avoid a loss as a result of their position in the Company;
- any interest that a director, management of a person of influence may have in the outcome of a contract, transaction, and/or arrangement;



- the business or body that a director, management of a person of influence is involved in or connected with and whether conflicts of interest may arise from that involvement; and
- the receipt of any inducement by a director, management of a person of influence.

5.1.3 MAB and/or its directors or employees must make disclosure of the nature of a conflict before undertaking work in cases where the measures to manage conflicts are not considered sufficient to ensure, with reasonable confidence, that risks of damage to the interests of another party will be prevented. This disclosure must be made in a durable medium and in sufficient detail to enable all parties to make an informed decision about the work in question.

5.1.4 Appointments shall not proceed where possible conflicts of interest may emerge which are significant to the overall work of the board.

5.1.5 MAB directors shall not participate in any decision making where a reasonably potential conflict of interest exists and shall refrain from voting on any of these decisions.

5.1.6 Where conflicts of interest arise at a MAB's directors' level, the Board of MAB shall ensure that they are noted in the minutes; and if ongoing conflicts of interest arise, consideration must be given to changing the membership of the Board.

5.1.7 MAB must establish, maintain and regularly update a record of its (potential) conflicts of interest. MAB must update the record as required, in particular where there are significant changes to the structure of the business. The Compliance function is responsible for maintaining all records relating to (potential) conflicts of interest.

5.1.8 It is important to note that the definition of conflicts of interest for the purpose of this Policy only relates to instances where there is a material risk of damage to the interests of another party. The directors and senior management of MAB is responsible for determining which conflicts are likely to result in a material risk of damage or detriment to another party's interests.

5.1.9 For a conflict to exist there must be a possible disadvantage or loss to one or more parties.

5.1.10 Training shall be provided periodically to enable personnel to identify, disclose and report conflicts of interest.

## **5.2 Monitoring Conflicts of Interest**

5.2.1 Monitoring and oversight shall be implemented where activities are undertaken, which may give rise to a conflict of interest.

5.2.2 The CO shall monitor and review material conflicts of interest and report the same to the Board at least annually.

5.2.3 When a conflict of interest has been identified, the potential/actual impact is assessed, and appropriate action is taken to address it in a timely manner. It is essential that complete and accurate records specific to conflicts of interest are maintained. Records should be maintained of all identified material conflicts of interest, together with any conflict of interest reviews and assessments which have been performed. In addition, clear evidence should be retained of MC challenge of management information and any actions taken as a result thereof. MAB employees and directors have an obligation to report conflicts of interest (or potential conflicts of interest) to the CO as soon as practicably possible.

5.2.4 Internal Audit shall undertake periodic assessments, in order to assess the adequacy of Governance and control mechanisms in identifying, managing and mitigating conflicts or potential conflicts of interest.

## **5.3 Effective Arrangements**

5.3.1 Monument must maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interests from giving rise to a material risk of damage to the interests of others.

5.3.2 The organisational and administrative arrangements to manage conflicts are designed to ensure that, when undertaking activities that involve a conflict of interest, relevant persons carry out those activities at an appropriate level of independence, to include the following:

(i) To prevent or control the exchange of information where that exchange of information may harm the interests of one or more clients;

(ii) Separate supervision of relevant persons whose principal functions involve activities that might give rise to a conflict of interest;

(iii) The removal of any direct link between the remuneration of different groups of relevant persons where there is an underlying conflict between the activities of those groups;

(iv) To prevent or limit any person from exercising inappropriate influence over relevant persons;

(v) Prevention or control measures where relevant persons are involved simultaneously or sequentially in separate services or activities where such involvement could impair the management of conflicts of interest;

(vi) The use of “Chinese walls” (i.e. an information barrier) is an acceptable conflicts management measure so long as reasonable steps are taken to ensure that the arrangement remains effective and is adequately monitored.

## **5.4 Record-Keeping**

5.4.1 The conflicts policy and the record of the kinds of services and activities undertaken by MAB which might give rise to a conflict of interest must be retained for at least five years, and in line with the record management policies, together with any changes to those documents.

## **5.5 Reporting and Escalation**

- 5.5.1 Reporting mechanisms in relation to the identification and management of material conflicts of interest within the Group and MAB, shall be in place to enable timely communication of such conflicts and mitigating actions to appropriate stakeholders.
- 5.5.2 Procedures shall be in place to enable the identification, recording, reporting and rectification on a timely basis of breaches to the Policy, non-compliance with any relevant regulatory requirements or expectations and control failures.
- 5.5.3 Instances of material conflicts or potential conflicts of interest, together with breaches to this Policy shall be reported and escalated to the CO in the first instance and subsequently to the MC and the Board, where necessary. Appendix 3 – the Conflicts of Interest Attestation form, is for the use of those employees who either wish to report a new conflict, the removal or a change in conflict, or is annually attesting to the knowledge that no change has occurred to a previous disclosure.

## **6. Related Documents**

- 6.1.1 Monument policies on gifts and entertainment, outside employment and directorships, inducements, anti-bribery / anti-corruption and personal account dealing are also relevant in the context of the management of conflicts of interest.
- 6.1.2 The following documentation is approved on Monument Re's level:
- Employee Handbook;
  - Code of Business Conduct and Ethics;
  - Monument Re Governance Framework;
  - Monument Re Terms of Reference of the Board and Committees;
  - Monument Re Human Resources Policy;
  - Monument Re Anti-Bribery and Corruption Policy.

6.1.3 The following documentation is approved on MAB's level:

- MAB's Code of Business Conduct and Ethics;
- MAB Governance Framework;
- MAB Terms of Reference of the Board and Committees;
- MAB Anti-Bribery and Corruption Policy.

# Appendix 1: Examples

## Common examples of Conflicts of Interest

The list below is not intended to be an exhaustive list of examples of Conflict of Interest.

### 1.1 Business Conflicts of Interest

- 1.1.1 Where a business arrangement might influence or be perceived as influencing a MAB employee in a way that could interfere with their ability to perform their job in an objective, impartial and effective manner;
- 1.1.2 Where employees award or influence any supplier contracts or participate in negotiating contracts they must avoid any actions that create the appearance of favouritism/nepotism;

### 1.2 Personal Conflicts of Interest

- 1.2.1 A conflict of interest may arise between MAB, a Staff Member, a client or a vendor if a staff member deals with individuals who are family members or close personal relationships in the course of conducting business for, or on behalf of, MAB because the dealings may compromise or otherwise call into question the employee's judgement, ability to act objectively or properly discharge their duties and responsibilities owed to MAB and/or Clients, or otherwise give rise to the risk of reputational damage to MAB, including the risk of, or appearance of, impropriety how business is awarded to or MAB or MAB having obtained an improper advantage or treatment

### 1.3 Provisional and/or receipt of Gifts and Hospitality

- 1.3.1 The provision and/or receipt of gifts within this policy applies to gifts from and to current or prospective insurance brokers/intermediaries, (re)insurers, clients, suppliers and others conducting (or proposing to conduct) business with MAB.
- 1.3.2 The occasional exchange of gifts is a common practice meant to create goodwill within business relationships. Employees are required to use good judgement in the provision/receipt of gifts and must never request personal gifts in exchange for business.

1.3.3 The provision of hospitality must not appear to be an attempt to gain any special advantage in MAB's business relationships and the onus is on individual employees to exercise good judgement.

1.3.4 If when providing hospitality, the material value threshold set out in the Monument Re Anti-Bribery and Corruption Policy (the "Gift Threshold") is exceeded, the meal and/or entertainment provided must be reported to the CO.

#### **1.4 Gifts and Entertainment**

1.4.1 A conflict of interest may arise between a staff member and MAB, a client or a third party if a staff member receives gifts and/or entertainment that may inappropriately incentivise the staff member to act in a way that may conflict with the interests of MAB, the Client and/or a third party.

1.4.2 The receipt of gifts and entertainment must be dealt with in accordance with the Anti-Bribery and Corruption Policy.

## Appendix 2: Director Responsibilities

### 1. Director's Responsibilities

1.1.1 In order to prevent conflicts of interest arising the directors will:

- Notify the Board where they are directly or indirectly, interested in a contract or proposed contract with the Company to declare the nature of their interest at a meeting of the directors.
- Where it is a proposed contract the declaration will be made at the meeting where the contract is first taken into consideration.
- If the potentially conflicted individual is not at the first meeting where the contract is discussed they will notify the directors at the next meeting they attend.
- A general notice by a director or management that they are a member of a specific company or firm shall be deemed to be a sufficient declaration of interest in relation to any future contract.
- A declaration of Interest in accordance with Article 7:96 of the New Belgian Companies Code shall be given by each director at each meeting. This declaration will be recorded in the minutes of the meeting. A declaration of Interest in accordance with Article 45bis of the Belgian law on the statute and supervision of insurance or reinsurance undertakings of 13 March 2016 shall be given by each member of the Management Committee at each meeting. This declaration will be recorded in the minutes of the meeting.
- Appointments shall not proceed where possible conflicts of interest may emerge which are significant to the overall work of the board.
- Where a potential conflict for a director has been identified, the director in question will not be allowed vote on the proposed agreement.



- In accordance with their duty to avoid a conflict of interest, a director must not divert to themselves a business opportunity which the company would otherwise have obtained. If they do, they will be accountable to the Company for the profits.
  
- Directors have an obligation to report conflicts of interest (or potential conflicts of interest) to the Compliance Officer as soon as practicably possible.

## Appendix 3: Conflicts of Interest Policy Attestation Form

<b>Name of Employee:</b>				
<b>Business Function</b>				
<b>Business Function Manager</b>				
<b>Employee's Business Title</b>				
<b>Date of Employment</b>				
<b>Training Received</b>	Yes	No	If No, Proposed Date for Training	--/--/----
<b>Country</b>				

### Employee Attestation

**All Employees must complete, date and sign this Attestation by selecting either Items 2 or 3, which ever section is applicable. Items 1, 4, 5, 6, 7 and 8 must be completed by all employees:**

1. I certify by signing below to the best of my knowledge receipt of the MAB Conflict of Interest Policy and that I have accurately completed this disclosure form to the best of my knowledge.
  
2. I hereby report that to the best of my knowledge, information and belief, no situation in which I am involved personally or professionally could be construed as a violation of the Conflict of Interest Policy, or as placing me in a position of having a conflict of interest with challenge.

3. I hereby disclose the following circumstances that may (1) constitute a Conflict of Interest, (2) constitute a material change to a current conflict, (3) attestation that nothing has changed to a previous disclosure, as described in MAB's Conflict of Interest Policy. (Please document the situation below that is or may be considered a Conflict of Interest:

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4. This is to verify that I have full awareness of the Conflicts of Interest Policy. A copy of the Policy was provided to me by My Business Function Manager on:

Date:	--/--/----
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5. I have received the required training on Conflicts of Interest on:

Date:	--/--/----
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6. I have not yet received the required training for Conflicts of Interest and I have informed my Line Manager, who is arranging that training takes place within three months of the signed date of this Attestation with the CO.

7. My next training session is due at a minimum of one year from the date I received my original training, unless there are specific regulatory and/or industry market updates:

Due Date:	--/--/----
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8. The information provided on this Attestation form is factual and is validated by my Business Function Manger, who has co-signed this document.

Signed By:	Print Name	Signature	Date: --/--/----
Employee			
Business Function Manager			

**NB:** Please ensure that a copy of this signed Attestation form by all parties is forwarded to the CO for Record-Keeping.