

Code of Conduct

As adopted by the Ordinary General Meeting on 29 April 2019



Association des Banques et Banquiers, Luxembourg
The Luxembourg Bankers' Association
Luxemburger Bankenvereinigung

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The ABBL Code of Conduct reflects the resolve of the ABBL and its members to act responsibly vis-à-vis the society in general and, more particularly, vis-à-vis relevant clients, personnel and competitors

In compliance with applicable laws and regulations and relevant rules laid down or expectations expressed by supervisory and other authorities, and without prejudice to such other professional standards as may be applicable, the ABBL and its members, to the extent relevant and applicable to their situation or activities, acknowledge the Code and the expectations formulated therein.

This Code is designed in particular to safeguard the good reputation of the ABBL, its member institutions and of the Luxembourg financial centre. With that aim in mind, the ABBL and its members support the efforts made by authorities and relevant stakeholders to develop the financial centre on a foundation of reliability, strength, professionalism, innovation and proficiency.

The commitments set out in this Code shall guide ABBL members in the implementation of relevant principles of integrity and quality, many of which are inherent in applicable professional and governance obligations.

In this spirit, this Code is maintained in the responsible traditions of the sector and market place. ABBL members are expected to be guided by and respect the commitments set out in this Code as a minimum standard; they may individually draw up principles and guidelines appropriate to their particular type of activity, business model, risk appetite and clientele.

In fulfilling these responsibilities, ABBL members demonstrate their commitment to contribute to the strength, prosperity and reputation of the Luxembourg financial centre.

For the avoidance of doubt, nothing in this Code shall constitute or be construed as (i) extended legal or other enforceable obligation, or (ii) guidance that may be in conflict with applicable national or international laws, or supervisory or regulatory expectations. Notwithstanding and without prejudice, the ABBL – acting through its statutory bodies – reserves the right to suspend or terminate membership status if and when a member is falling significantly or repeatedly short of lawful, generally acceptable or expected professional or market conduct or where continued membership may pose a risk to the ABBL, its reputation or that of the Luxembourg financial centre.

The Code sets out seven Commitments.

1ST COMMITMENT: LOYALTY, FAIRNESS AND INTERGRITY

ABBL members act with loyalty, fairness and integrity in their relations with clients, other financial sector professionals, and the markets; they perform their undertakings in good faith.

1.1 Relations with clients

For the purposes of this Code, the term “client” means any natural or legal person, or any legal arrangement, with whom a member institution or financial sector professional enters into a business relationship, including joint account holders and holders of powers of attorney. It also covers and includes prospective clients and beneficial owners.

1.1.1. Pursuant to the legal requirements to “know your client”, the relationship between a professional and a client is founded strictly on its personal nature. The opening of a business relationship involves a judgment on the client. While differentiating between clients on the basis of a professional’s own commercial policy and in compliance, inter alia, with the statutory provisions on client classification, tax compliance and on the prevention of money laundering and the financing of terrorism, professionals form an opinion on, and deal with clients without discrimination on grounds of origin, skin colour, gender, sexual orientation, gender reassignment, gender identity, family situation, age, state of health, handicaps, adherence to accepted principles of morality, political or philosophical opinions, trade union activities, ethnicity, nationality or religious creed.

1.1.2. They ensure that their personnel acts honestly and with loyalty, fairness and integrity in the best interests of their clients. They ensure that their clients are given a good service in compliance with the applicable legal obligations and, taking into account the particular situation of the client concerned, the client’s understanding and awareness of the risks involved, the client’s financial capacity and literacy as well as any other constraints to which the client may be subject.

They ensure that their clients are provided with up-to-date documentation describing, transparently and clearly, the service or product offered, the costs and charges, the constraints, the related risks, and give them advance notice of any subsequent change to the relevant terms and conditions.

They set out in a comprehensible and clear manner relevant risks and commitments to be assumed by clients.

1.1.3. They make every reasonable effort to avoid conflicts of interest and, if such conflicts arise nevertheless, ensure that the relevant conflict is resolved; if and when this is not possible, make sure that such conflict is disclosed and that their clients are treated fairly.

1.1.4. They endeavour to listen to their clients and, if a complaint is submitted to them, do everything reasonably possible to act upon it in a diligent and objective manner.

In doing so, they put in place efficient and transparent procedures for dealing with complaints in a reasonable manner and without undue delay. They inform their clients understandably and comprehensively of the steps needed to

be taken in order to submit a complaint and of the procedure for dealing with it. They keep clients informed of relevant action taken in relation to their complaints.

Where a situation arises that could lead to a dispute, they initially attempt to achieve an amicable settlement. If this proves impossible or unwarranted, they examine whether recourse to mediation is possible and desirable. In that context, their general terms and conditions, and their contracts, may include mediation clauses.

1.2 Relations between financial sector professionals

ABBL members respect the rules of true and fair competition

- 1.2.1. They ensure that their advertising presents an honest and fair picture of their activities and services, in line with legal marketing restrictions. They do not claim superiority or exclusivity in relation to the competition through exaggerated, insidious or denigrating advertising.
- 1.2.2. They do not seek to stand out from their competitors by claiming qualities which are required, without exception, by law of all duly licensed and / or registered professionals.
- 1.2.3. They do not abuse a dominant position.
- 1.2.4. They refrain from diverting clients from competitors for their own advantage by using means which are contrary to fair competition practices.

1.3 Relations with the markets

ABBL members act honestly and fairly at all times. They organise their activities in such a way as to preserve the integrity of the markets and to comply with the rules by which they operate.

- 1.3.1. They make every effort to respect the transparency and security of the different markets in accordance with the rules which govern them.
- 1.3.2. They put in place procedures designed to prevent insider trading or market manipulation on the part of their personnel or any participation in such operations by their clients. In particular, they maintain the confidentiality of privileged information and do not exploit or use that information for purposes other than those for which it was communicated to them.
- 1.3.3. When ABBL members operate in several different capacities, they establish an appropriate distinction between the functions or activities which are likely to generate conflicts of interest, e.g. by providing for separate decision-making centres. If such separation cannot be achieved, they establish special working recommendations and organise supervision of the operations concerned. They undertake, in each case, to identify, assess and manage risks of conflicts of interest.
- 1.3.4. ABBL members do not effect retroactive reassignment of operations which have been performed unless specific arrangements have been made in advance.

2ND COMMITMENT: COMPETENCE, CARE AND DILIGENCE

ABBL members act with diligence and care when supplying products and services. They possess the competence, resources and procedures required to implement their activities, services and product offering effectively.

2.1 Adequate resources

- 2.1.1. They make sure to put in place the procedures needed for proper and prompt provision of the different products and services offered by them.
- 2.1.2. They make sure to have available the resources necessary for the proper performance of transactions:
 - They have an adequate internal organisation documented by appropriate formal procedures enabling them to show and prove in detail the origin, transmission and performance of orders;
 - They draw up accounts enabling the transactions performed on behalf of their clients to be individually identified;
 - They set up an appropriate transaction monitoring and recording system to comply with applicable legal requirements arising for the relevant type of transactions.
- 2.1.3. They set up appropriate procedures to monitor dormant accounts and unclaimed assets. In such cases, they apply the principles of loyalty, good faith, diligence and due care to the management of their clients' assets.

- 2.1.4. They operate an information technology system which enables them to comply with applicable legal requirements.
- 2.1.5. They put in place adequate and effective measures to monitor their internal systems and procedures.
- 2.1.6. They arrange for an adequate separation of implementing and supervisory responsibilities.
- 2.1.7. They put in place an appropriate policy for the selection of their business partners and external service providers.
- 2.1.8. They appoint at the appropriate hierarchical level persons responsible for controlling and guaranteeing the effectiveness of internal procedures.

ABBL members belonging to an international or domestic group of companies – within the bounds of applicable international and domestic laws and supervisory regulations – apply group-wide policies which respect the Luxembourg legal framework. Such policies care for the appropriate management and sharing of information, inter alia, in the context of personal data protection and anti-money laundering purposes.

2.2 Fair workplace and staff characterised by competence and probity

- 2.2.1. ABBL members put in place a recruitment policy with a view to having an honest and competent workforce, including, as the case may be, means of checking information provided by would-be employees. They promote diversity in their recruitment policy, avoiding undue discrimination.
- 2.2.2. They ensure that their personnel acts honestly and that they perform their job with the care and diligence required.

- They endeavour to make their personnel aware of the need to respect the principles of loyalty and probity, thereby helping to maintain the reputation of the Luxembourg financial centre.
- 2.2.3. In order to have a competent workforce, they establish training programmes aimed at ensuring that their employees' professional and personal competencies are kept up to date, in line with applicable legal and regulatory requirements, as well as at developing their employees' employability. They ensure that their relevant personnel possesses, at all times, adequate knowledge of the products and services on offer together with the legislative and regulatory framework in force, particularly with regard to professional obligations on the fight against money laundering as well as the relevant data protection requirements. They ensure that their relevant personnel is sufficiently and appropriately trained with regard to the functions and services they perform.
- 2.2.4. They provide appropriate information to their personnel on the laws, regulations and ethical rules applicable and give them appropriate training in that regard. In particular, to the extent that they draw up an internal code of conduct – at group and / or local level – for the attention of their personnel, such internal code of conduct is expected to reflect, in substance, the principles of this code.
- 2.2.5. In order to ensure a sound relationship with relevant parties involved outside their institution, and in particular to avoid an undue risk of corruption or a potential conflict of interest, they establish relevant policies in relation to anti-bribery and corruption, gifts and entertainment, as well as inducements.
- 2.2.6. ABBL members establish venues and protocols for their employees to report internally, through a specific and independent channel, relevant breaches of professional obligations without the risk of retaliation or discrimination.
- 2.2.7. They implement policies for the management of external activities and mandates in which their personnel may engage and which fall outside the ambit of their work for their employer. In that regard, ABBL members identify, and establish the framework for particular cases in which their employees and close relations of their employees may carry on a management, leadership or administration function within a third company that could give rise to a conflict or conflicts of interest.
- 2.2.8. They put in place rules governing personal account dealing of their managers and personnel, accompanied by appropriate means of supervision.
- 2.2.9. They ensure that their employees are treated with dignity and respect and that relations between employees are likewise based on respect, trust, esteem and mutual professional support, communication and cooperation. In that context, they ensure, in particular, the exclusion of discriminatory behaviour. They endeavour to promote the well-being of employees, to achieve a sound workplace and healthy work environment, bearing in mind a sound balance between work and private life. In dealing with relevant staff complaints, they respect the principles of discretion, dignity and privacy. They put in place procedures requiring complaints to be dealt with impartially and within a reasonable time. No disciplinary action may be taken against any person who, in good faith, has exposed or resisted an act classifiable as discrimination or harassment or who

has provided evidence in relation to any such act.

3RD COMMITMENT: RESPECT FOR PRIVACY AND CONFIDENTIALITY

ABBL members respect the duty of confidentiality and discretion with regard to both clients and third parties. They protect personal data stemming from natural persons by processing them in a lawful, fair and transparent manner.

- 3.1. Information obtained by ABBL members and their personnel in the performance of their commercial and professional functions shall only be disclosed where such disclosure is lawful.
- 3.2. ABBL members ensure that their internal policies set out obligations relating to professional secrecy and the processing of personal data.
- 3.3. They ensure respect for privacy and for the protection of personal data by collecting data for specified, explicit and legitimate purposes while making sure that only the minimum required data to fit a clearly defined purpose is being used in a processing. Any other data classified by them as sensitive or confidential shall also be appropriately stored and secured with a delimited access earmarked only to accredited employees.
- 3.4. In order to protect the confidentiality of data, including in particular personal data, ABBL members apply appropriate technical and organisational measures to ensure that the protection of the data is not being compromised, in particular against accidental loss, destruction or damage, therefore guaranteeing the integrity and the security of information held.
- 3.5. ABBL members allow their clients to efficiently exercise their rights in an

efficient manner and inform them beforehand accordingly.

- 3.6. They ensure that their personnel is made aware of the need to respect the principles of protection of personal data and of confidentiality. In this context, they define the way in which their personnel may communicate with the media and on social networks in relation to their work.

4TH COMMITMENT: COMPLIANCE WITH LAWS AND REGULATIONS

ABBL members comply with the letter and the spirit of the norms and rules applicable for their individual, commercial or other activities.

- 4.1. They cooperate with authorities in the exercise of their powers and in the application of relevant laws and regulations.
- 4.2. In the performance of their obligations concerning the prohibition of access to the financial system for persons, entities and groups who are subject to restrictive measures, e.g. in the form of embargoes or sanctions, ABBL members establish procedures and tools whereby transactions which are prohibited can be effectively detected and prevented from being carried out.
- 4.3. They take measures to prevent any use of their services for the purpose of undue tax avoidance (including the circumvention of the exchange of tax information), money laundering or the financing of terrorism. To this end, they establish appropriate risk-based controls and policies.

5TH COMMITMENT: SECURITY AND RELIABILITY

ABBL members make sure to protect the security of the assets entrusted to them and the reliability of the services provided by them.

- 5.1. They take particular care to ensure secure processing of data, inter alia by information technology methods, especially when such data are of personal or confidential nature.
- 5.2. They make sure to safekeep and, where applicable, manage the assets entrusted to them in a secure manner.
- 5.3. They document and retain comprehensive information on business interaction and agreements with clients including relevant details on transactions and operations performed.
- 5.4. Being conscious of the issues and problems connected with fraud, including internet fraud, they promote relevant awareness among their business partners and clients.
They have in place procedures aimed at limiting the risks of fraud. To that end, they may apply physical and technical methods designed to avoid such risks. Under the responsibility of an information security officer, they develop and implement information security programs, which include procedures and policies designed to protect relevant communications, systems and assets from both internal and external threats. They provide their personnel with relevant training in this regard
- 5.5. Commensurate with the risk resulting from their activity, they undertake to put in place adequate security measures to prevent aggression and other acts of banditry with a view to providing protection for their personnel, their clients and the assets of the institution.

6TH COMMITMENT: SOUND CORPORATE GOVERNANCE

Corporate governance, inter alia, determines the allocation of authority and responsibilities to the statutory and management bodies acting, as the case may be, in supervisory or executive function. In this context:

- 6.1. ABBL members consider their size, their internal organisation and the nature, scale and complexity of their activities when developing and implementing corporate governance measures.
- 6.2. The statutory body in its supervisory function typically sets, approves and oversees the implementation of strategies, risk management framework, allocation of responsibilities, reporting lines, and internal control framework.
- 6.3. Members of the statutory body in their supervisory function are qualified – and maintain such qualification –, individually and collectively, for their positions. They understand their oversight and corporate governance roles and responsibilities, and exercise sound and objective judgment.
- 6.4. Under the direction and oversight of the statutory body in its supervisory function, the statutory and / or management body, in its executive function, carries out and manages the ABBL member's activities in a manner consistent with the approved business strategy, risk appetite, remuneration and other policies.
- 6.5. The ABBL member's governance framework defines and promotes such member's risk culture, corporate values, code of conduct, and conflict of interest policy.
- 6.6. The ABBL member's governance framework sets up independent internal control functions (risk management, compliance and internal audit) and ensures that risks

are identified, monitored and mitigated on an ongoing basis.

- 6.7. The ABBL member's remuneration structure supports sound corporate governance and risk management.
- 6.8. The ABBL member's governance framework establishes business continuity management for identifying its exposure to internal and external threats. It includes disaster recovery, business recovery, crisis management, incident management, emergency management and contingency planning.
- 6.9. The ABBL member's governance framework is transparent to its shareholders and clients, to market participants and to other relevant stakeholders.

7TH COMMITMENT: RESPONSIBLE BANKING

ABBL members make every effort to behave in a socially responsible manner. In a continuously evolving environment, ABBL members commit to be transparent and clear about how their products and services may create value for their clients and investors, and how they impact the society.

- 7.1. They consider how to integrate environmental, social and corporate governance ("ESG") aspects in their policies and to align their business strategy and key business decisions accordingly. They tend

to establish policies, management systems and controls to ensure that identified ESG objectives and targets are integrated into their decision-making processes across their entity.

- 7.2. They identify and assess potential positive and negative ESG impacts resulting from their capital allocation decisions, provision of products and services, as well as lending policies. In particular, they engage towards sound and responsible business practices, including the incorporation of ESG considerations, including human rights, into their credit and investment appraisal processes.
- 7.3. They endeavour to develop ESG strategies and define measures on areas such as development of new products and services or sustainability-related incentives and contractual conditionality. Such strategies and measures also apply in relation to external partners and service providers.
- 7.4. They develop policies designed to increase awareness of clients in relation to sustainability and ESG matters, including, but not limited to, financial literacy and financial inclusion.
- 7.5. They promote the well-being of their personnel and respect the latter's rights as employees. Conversely, they shall foster ethical and responsible behaviour of their personnel.
- 7.6. They endeavour to integrate in their periodic external disclosures – at group and / or at individual level – non-financial information in relation to ESG matters.

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