

**Conflict of Interests  
Management Policy  
Groupama Asset Management  
January 2017**



**Groupama**  
ASSET MANAGEMENT

GROUPAMA ASSET MANAGEMENT has developed a prevention and management policy in the event of a conflict of interest in order to guarantee the protection and primacy of its clients' interests and to comply with the regulations applicable to portfolio management companies (see Article 19 of the European Directive 2004/39/EC of 21 April 2004 on Markets in Financial Instruments, known as "MiFID").

This policy is based on the method of identifying, preventing and managing conflicts of interest described below.

## Scope covered and definitions

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In the ordinary course of business, a management company is likely to encounter situations which could potentially create conflicts of interest.

This policy covers these different situations of conflicts of interest that have been identified as possible when Groupama AM carries out all of its activities.

Groupama AM provides different types of investment services:

- portfolio management through UCITS and AIF,
- portfolio management through mandates,
- advisory services to companies under 3 of Article L321-2 of the French Monetary and Financial Code,
- marketing of UCITS/AIFs managed by other investment managers,
- research in investment and financial analysis under 4 of Article L321-2 of the French Monetary and Financial Code,
- investment advice.

**Conflicts of interest** are understood as any business situation in which the discretionary or decision-making power of a person, a company or an organisation may be influenced or altered in terms of independence or integrity by personal considerations or by pressure exerted by a third party.

**This policy has been set with regard to the size, organisation, nature, importance and complexity of the activity being carried out.**

## Identification of conflicts of interest

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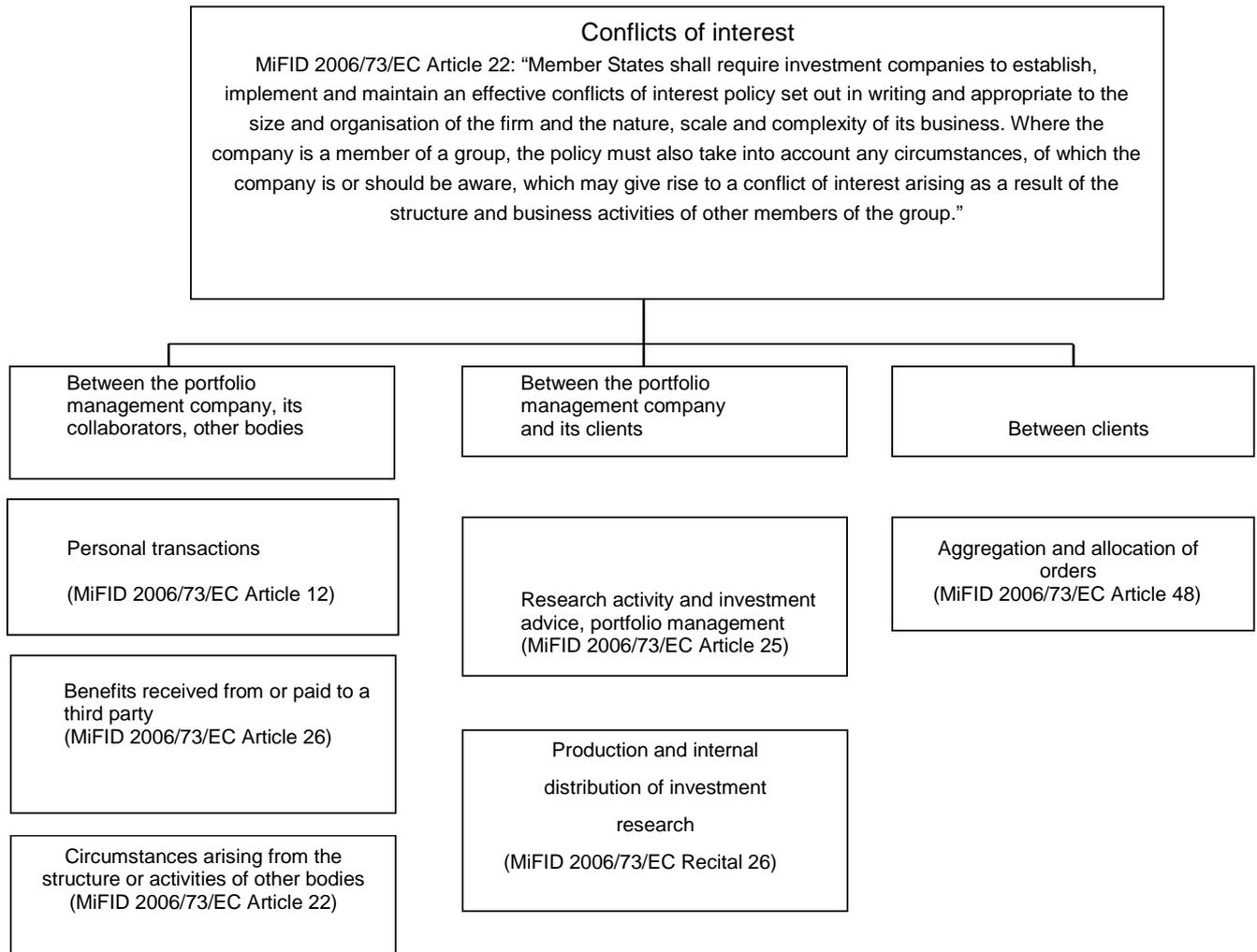
To **prevent the risk of a conflict of interest** and to increase its clients' trust, Groupama AM has implemented a policy of identifying, preventing and managing conflicts of interest by means of a measure which allows the company:

- to prevent the occurrence of situations involving conflicts of interest which could prevent a decision from being made or cause a mandate or a UCI to be managed differently,
- to act in its clients' best interests and to treat them fairly,
- to respect the integrity of the market in the best possible manner.

To do this, Groupama AM has:

- mapped different situations involving conflicts of interest which could have an effect on clients' interests by:
  - being susceptible to realise a financial **gain** or to avoid a financial **loss** at the client's expense;
  - having an **interest in the result** of a service rendered to the client or a transaction performed on the client's behalf which would differ from the client's interest in the result;
  - being motivated for financial or other reasons to **privilege the interests of another client** (or a group of clients) over the interests of the client to which the service would be rendered;
  - exercising the **same business activity** as the client;
  - receiving a **benefit for the service provided to the client** from a person other than the client, whatever the benefit may be, other than the commission or fees normally invoiced for this service.
- established rules of good conduct and of governance,
- set up a system of procedures and controls which consider the risk of a conflict of interest.

The map of situations involving conflicts of interest is shown in the summary diagram below:



### Examples:

- conflicts involving several clients: Groupama AM could favour one client by handling the management of its portfolio as a priority,
- conflicts involving Groupama AM and its clients: by proposing a product which would be more lucrative without taking the client's profile and needs into account,
- conflicts involving associates of Groupama AM: if the associates perform transactions on their own behalf by using confidential information about their clients or the portfolios they manage,
- conflicts involving other bodies: when these bodies seek to benefit from improper advantages/services.

## Preventing conflicts of interest

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The **measure implemented** by Groupama AM is based on:

- the organisation of functions within the Group commonly referred to as “the wall of China” which ensures the physical and legal separation of activities susceptible to conflicts of interest, which prohibits the unwarranted circulation of confidential information and prevents its usage to the detriment of the client’s interests or the market’s integrity,
- procedures intended to prevent, monitor and control Groupama AM’s activities
- the application of a voting policy and the editing of a report on the exercise of voting rights presented each year to the Board of Directors,
- internal regulations comprising an ethics component which applies to associates and allowing the rules of good conduct and personal transactions to be monitored in particular,
- the application of a remuneration policy for associates which promotes the sound and efficient management of risk and which does not encourage the taking of risks incompatible with the risk profile of the portfolios being managed,
- the inclusion of conformance in observing this measure.

Groupama AM may refuse to intervene in certain circumstances where there would be a risk of infringing on the interests of one or more clients which is deemed unacceptable.

## Handling conflicts of interest

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When the risk of infringing on the client’s interests cannot be avoided despite the procedures and measures for managing conflicts of interest that have been implemented, **Groupama AM shall inform** the clients explicitly of the general nature and the source of these conflicts of interest, while **observing confidentiality**, before acting on their behalf. The client, thus informed, shall make a sound decision on the provision of the investment service.

This potential notification to the client is carried out on a **durable medium** which is preserved for **at least 5 years**. It should also be sufficiently precise and detailed to enable the client to make an **informed decision** on the provision of the investment product or service being proposed.

Compliance at Groupama AM maintains a record of conflicts of interest based on the information it is sent. This record is used to register different types of situations involving conflicts of interest where a conflict of interest involving a significant risk of infringing upon the interests of one or more clients is likely to occur.

**The information stated in this record and the supporting evidence for the occurrence of the conflict shall be preserved for at least 5 years.**

## Updating conflicts of interest

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The policy, record and procedures are reviewed and updated to take into account:

- regulatory or legislative changes,
- the adoption of new business standards,
- changes to the activities of Groupama AM,
- changes in the relationships with external bodies,
- conclusions to be drawn from cases of conflict of interest encountered.

Groupama AM thus intends to act in compliance with the integrity of the market and the primacy of its clients' interests in the performance of its activities.