



Groupama
ASSET MANAGEMENT

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CONFLICTS OF INTEREST POLICY

GROUPAMA ASSET MANAGEMENT has established a policy designed to mitigate and manage the risk of conflicts of interest in order to ensure protection and primacy of clients' interests and, in order to meet the requirements of:

- European Directive n°2014/65 UE as of the 15th May 2014 in Financial Instruments, so called MiFID II
- Law n°2016-1691 of December 9, 2016 on transparency, the fight against corruption and the modernization of economic life, known as the Sapin II law.
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This Policy is based on the methodology of identifying, preventing and handling conflicts of interest as described below.

In addition, this Policy is set up accordingly to the size, organization, nature, complexity and importance of Groupama Asset Management's investment services.

I- Definition, identification and prevention of conflict of interests

1- Scope and definitions

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

A conflict of interest is any business situation where a decision making process of a person, a company or an organization may be influenced or altered in terms of independence or integrity by personal considerations or by pressure exerted by a third party. This definition covers different categories of conflicts of interest:

a) A conflict of interest between clients, for instance when Groupama Asset Management while providing clients with its services, could favor one client or a group of clients over the others;

b) A conflict of interest between Groupama Asset Management and its clients, for instance, where Groupama Asset Management may have an interest in the result of a transaction regardless the client's interest in the result;

c) A conflict of interest between Groupama Asset Management's employees and the clients, for instance when Groupama Asset Management's employees could transact on their personal account by using confidential information regarding the clients or the portfolio they manage.

d) conflicts of interest that could exist between different departments of Groupama Asset Management and, in particular, between the functions in charge of the independent control of the company such as compliance, internal control, internal audit, risk and the company's management

e) conflicts of interest involving Groupama Asset Management and its custodians, account keeper, auditor, etc., which could be detrimental to the interests of Groupama AM's clients

f) conflicts of interest involving Groupama Asset Management and its suppliers, service providers, etc.

The scope of the present Policy is set up with respect to all activities carried out by Groupama Asset Management as follows:

- Portfolio management on behalf of third parties through UCITs, AIFs and mandates either directly or by way of delegation of this service,
- Distribution
- Reception and transmission of orders on behalf of third parties,
- Execution of orders on behalf of third parties,
- Investment advice,
- Investment research and financial analysis.

as well as activities related to the management of the company.

2- Identification of conflicts of interest

For the purpose of prevention of conflicts of interest and in order to foster the business relations' confidence, all Groupama Asset Management's employees must identify and report any potential or confirmed conflict of interest that may occur in the course of

their activities. The situations that can jeopardize the business relations' interests are included in the so-called **conflicts of interest map** of Groupama Asset Management. This Policy along with the conflicts of interest mapping aim to:

- **Prevent** the occurrence of any conflicts of interest. The latter can prevent a decision from being made or a mandate or a UCI to be managed differently,
- **Act** to the client's best interest and treat them fairly,
- **Respect** the market integrity to the best effort possible.
- **Preserve** Groupama AM's image with all business relations

The conflicts of interest map is updated on a regular basis in order to include any changes and developments in business internal processes at Groupama Asset Management. The map covers any situations where the company or any relevant stakeholder:

- is able to realize a financial profit or avoid a loss at the clients' or the company's expense;
- has an interest in the result of a service provided or a transaction performed;
- is motivated, for financial reason or whatsoever, to favor the interests of one business relation over another;
- conducts the same business activity as the business relation's activity;
- receives a benefit from a third party for the service provided to the business relation and that benefit, whatever the benefit may be, is in relation to the service provided;
- provides a loan or invests in the debts of an issuer whose shares are managed by the portfolio management team.

3- Prevention of the conflicts of interest

The conflicts of interests arrangement set up by Groupama Asset Management is based on the following measures:

1) Organizational measures :

- Reporting lines between different business units as well as the processes are set up in order to prevent, to the extent possible, the situations of conflicts of interest ;
- In addition, Chinese walls segregate activities that could collide in terms of conflicts of interest prevent inside or confidential information from inappropriate use to the detriment of the business relation's interests ;
- Control functions – Internal audit, Risk, Internal Control and Compliance – are totally independent within the company ;
- Remuneration policy is designed to promote effective and sound risk management and prevents relevant employees from taking risk that would be inconsistent with the risk profile of any given portfolio ;
- Record keeping of the phone lines is mandatory for all services involved in sensitive activities; Financial research dissemination is restricted to internal use only.

2) Controls and procedures :

- Internal regulations encompass some of ethic principles applicable to all employees, for instance, rules of good conduct, personal transaction dealing, etc. Thus, the Board of Directors and all employees are obliged to provide all necessary justifications, such as personal securities account statements relating to their personal account dealing, upon the Compliance request;
- A strict respect of the gift and benefits policy is ensured through systematic declarations on any received advantage of benefit ;
- The equality between portfolios is ensured by a set of rules in terms of allocation of orders, transfer of securities between portfolios and, rules in terms of fees and commissions ;
- Any error or incident that may impact clients is analyzed according to a specific procedure ;
- Voting Policy and its relevant reports on the exercise of rights is presented to the Board of Directors each year ;

- Best execution and Selection Policy ensures the primacy of clients' interests in order to obtain the best possible result when Groupama Asset Management executes orders on the market ;
- Purchase procedure
- A compliance training is specifically designed for relevant people in order to ensure the adequacy of their level of knowledge and skills with respect to their responsibilities and duties ;
- Conflicts of interest map is kept up to date and approved by the Committee of the Board (CODIR).

Please note that in the circumstances where a risk to harm business relation's interests is deemed unacceptable Groupama Asset Management can decline a transaction.

II- Management and handling of conflicts of interest

1- Management of conflicts of interest

Conflicts of interest management is based especially on a fundamental principle of exclusive primacy of the client interests over any other person or Groupama Asset Management. All employees of Groupama Asset Management have to carry out their activities with honesty, diligence and loyalty in accordance with the Code of Ethics of Groupama Asset Management.

Conflicts of interest management is handled by the Head of Compliance and Internal Control (RCCI) whose responsibility is to intervene each time when a conflict of interest occurs.

In the case where the undertaken remedy is insufficient to guarantee the expected degree of independence, the Head of Compliance can put in place additional measures or an alternative solution that is deemed appropriate.

Also the Head of Compliance can lay down corrective measures dedicated to avoid or limit the occurrence of any given conflict of interest particularly, by modifying or adopting relevant procedures or, by strengthening controls where necessary.

Any new situation of conflict of interest must be notified by the concerned person or manager to the Head of Compliance accordingly to the Law, known as SAPIN 2, n° 2016-1691 as of 9th of December 2016, on the transparency, fight against corruption and modernization of economy.

The Head of Compliance sets up an action plan to resolve any conflict in a way that favors the client interest. The conflicts of interest and related action plans are then recorded in a specific register.

In addition, specific arrangements are set up for the affiliated parties.

2- Handling of conflicts of interest

When, in spite of all procedures and measures undertaken, it is impossible to avoid a conflict of interest and guarantee the integrity of business relation's interests, Groupama Asset Management can:

- **Refuse** to execute a transaction on behalf of the client, contract with a provider, supplier,... or,

- **Inform** the client, before acting in his/her name, about the nature and the origin of the conflicts of interest, incurred risks and, any remedies undertaken in order to avoid those risks with regard to the confidentiality obligation. After being so informed, the client should be able to take a sound investment decision. This information of the client must be recorded on a durable medium and kept for at least five years. It must also be sufficiently clear and detailed in order to give the client the possibility to make sound decision regarding any given investment service or product.

The Compliance Department keeps the conflicts of interest register up to date. This register is designed to collect all situations of conflicts of interest that may occur, including the risk of damaging the interest of one or several business relations.

The information of this register and all supporting documents are kept for at least five years on a durable medium.

3- Review of the conflicts of interest arrangement

This policy, the conflicts of interest map and all related procedures are reviewed and updated on a regular basis, in order to include the below changes :

- Any regulatory or legal modifications,
- Any new business rules or guidelines,
- Any changes with respect to Groupama AM's activities,
- Any changes in Groupama AM's relationship with external entities,
- Any elements resulting from previous conflicts of interest cases.

By doing so, Groupama Asset Management intends to respect market integrity and primacy of its clients' interests and to preserve its image in a due course of its activities.

III- Governance

The Compliance Department is responsible for updating this conflict of interest management policy, taking into account changes in Groupama AM's business, and for distributing it to employees.

This policy is available to all Groupama AM employees on the intranet and on the website www.groupama-am.com.

