



**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 15<sup>th</sup> May 2014 in Financial Instruments, so called MiFID II. 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 od 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 three 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.

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.

## **2- Identification of conflicts of interest**

For the purpose of prevention of conflicts of interest and in order to foster the clients' 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 clients' 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.

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' expense ;

- has an interest in the result of a service provided to the client or a transaction performed on the client's behalf which would differ from the client's interest;
- is motivated, for financial reason or whatsoever, to favor the interests of one client (or a group of clients) over another;
- conducts the same business activity as the client activity;
- receives a benefit from a third party for the service provided to the client 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 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 client's interests ;
- Control functions – 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 ;
- 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 client'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 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 9<sup>th</sup> 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 client's interests, Groupama Asset Management can :

- **Refuse** to execute a transaction on behalf of the client 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 clients.

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 in a due course of its activities.