

# Covéa Finance SASU

## Conflicts of interest management and prevention policy and code of ethics (good practice)

Covéa Finance SASU, (société par actions simplifiée unipersonnelle [simplified single shareholder company]), a portfolio management company approved by the AMF (Autorité des Marchés Financiers [Financial Markets Regulatory Authority]) since 21 February 1997 under approval no. GP 97 007, exercises the following activities:

- portfolio management by mandate for institutional customers,
- portfolio management through OPCVM (organismes de placement collectif en valeurs mobilières [UCITS – Undertakings for Collective Investment in Transferable Securities]) open to the public,
- portfolio management by AIF open to the public,
- research in investment and financial analysis intended for our management teams,
- investment advice on an ancillary basis,
- marketing of Mutual funds managed by Covéa Finance,
- administrative and accounting management of the financial investments of companies in the Covéa Group.

In exercising these various activities, Covéa Finance may encounter potential or actual situations of conflicts of interest.

It is not unusual for such situations to occur. Covéa Finance's obligation is to limit, identify and manage them and, where applicable, to declare them to the competent authorities in accordance with the regulations and with its code of ethics (good conduct).

This conflicts of interest management and prevention policy describes the measures taken to prevent and manage conflicts of interest and is in harmony with the application of the following provisions:

- European Regulation no. 596/2014 of 16 April 2014 regarding market abuses "MAR",
- European Directive no. 2014/65 of 15 May 2014 regarding the Financial Instrument Markets "MIF 2",
- AMF General Regulations, Volume III, Chapter IV, regarding the rules of good conduct for investment service providers and portfolio management companies,
- French Act no. 2016-1691 of 9 December 2016 regarding transparency, the fight against corruption and the modernisation of economic life (called the Loi Sapin2).

Furthermore, in accordance with French regulations, Covéa Finance is a member of a professional association, the AFG (Association Française de la Gestion Financière [French Financial Management Association]).

In this context, Covéa France ensures the proper application of the rules of good conduct, codes of ethics and the guide of good governance decreed by the AFG.

In this capacity, key principles are attached to the primacy of customers' interests and to the integrity of the market covering all the management company's activities, such as the disclosure of information and transparency in relation to customers, the prevention and management of conflicts of interest, the equal treatment of customers (between principals, between Mutual funds or between principal and Mutual funds), and the supervision of employees' personal transactions.

Covéa Finance also complies with the regime applicable to personal transactions requiring transparency by its employees in accordance with the procedures described by the company's internal regulations and the ethical commitment signed by each employee and manager.

In accordance with its approval file and with the internal procedures in force, Covéa Finance agrees to respect this text defining its code of ethics and its conflicts of interest management policy.

Among the major subjects which the RCCI (Responsables de la Conformité et du Contrôle Interne [Heads of Compliance and Internal Control]) of Covéa Finance monitor in particular, are the prevention and management of conflicts of interest and the checking of compliance with the company's ethical commitments.

## **1 – Definitions**

- **Definition of an interest**

An interest is the source of an advantage of any nature whatsoever, tangible or intangible, professional, commercial, financial or personal.

- **Definition of a conflict of interest**

A conflict of interest is a situation in which a manager, an employee of the management company, a customer or the management company itself has an interest of a material, professional, commercial or financial nature which competes with the interests of one or several customers (principal or Mutual funds holder), which must take precedence.

- **Definition of an abuse of interests**

The abuse of interests is a situation in which the result of a transaction carried out by Covéa Finance or one of its managers or employees implies a significant disadvantage for a customer's interests and, on the other hand, a significant advantage for Covéa Finance, an employee, another customer or any other third party, without the other parties being informed of it or in violation of this Policy.

- **Definition of corruption**

Corruption is a criminally reprehensible behaviour by which a person (the corrupted party) seeks, approves or accepts a gift, an offer or a promise, presents or any benefits with a view to performing, delaying or omitting to perform an act directly or indirectly falling within its duties. The risk of corruption is prevented by our conflicts of interest management policy, our code of ethics and the ethical commitment signed by all Covéa Finance employees.

## **2 – Criteria for identifying and detecting potential sources of conflicts of interest**

Covéa Finance takes the necessary measures with a view to detecting situations likely to create a conflict of interests between Covéa Finance and/or its employees with any service provider, supplier or customer, or even between two customers (Principals and/or Mutual funds), and especially in the following situations:

- Collection of commissions or benefits likely to bias the advice or the service provided,
- Acceptance by our service providers or customers of gifts and/or benefits and/or invitations likely to compromise the integrity of Covéa Finance or its employees,
- Offering our service providers and/or distributors, and/or customers gifts and/or benefits and/or invitations likely to compromise their integrity,
- Being in competition with a customer's interests (principal and/or Mutual funds) over a transaction for our own account,
- Being incited, for financial or other reasons, to favour the interests of another customer or a group of customers over the interests of the customer to whom the service is provided;
- Receiving from a person other than from the customer a benefit in relation with the service provided to the customer, in any form whatsoever, apart from the commission or the costs normally invoiced by the company for this service;

- Any situation likely to produce a financial gain, or to avoid a financial loss for Covéa Finance at the customer's expense,
- Any other situation that has, as a result, an interest which is different from the customer's interests.

### **3 – Organisational measure to prevent conflicts of interest**

#### **3.1. Covéa Finance adopts an organisation reducing the risks of conflicts of interest**

Covéa Finance has the appropriate means, organisation and internal control and monitoring procedures for the activities exercised.

Covéa Finance has equipped itself with an organisation and procedures complying with the provisions regarding the fight against money-laundering and the financing of terrorism.

Covéa Finance ensures that its employees are competent and informed through AMF certification and by providing regular training programmes.

Covéa Finance endeavours to understand the situation and objectives of its customers. Thus, the customer's requirement for disclosure involves guarding against risks

Covéa Finance's obligations to its customer are fixed as clearly as possible. For this, Covéa Finance informs its customer of the mutual commitments, general terms and conditions and the prices that it practices.

These conditions and commitments are covered by an agreement concluded between Covéa Finance and its customer and must take the form of a management mandate, a Mutual funds prospectus or a service contract, in accordance with French regulations.

Covéa Finance's orders for its own account are isolated from orders for clientele and may be specifically identified.

In exercising their duties, managers must always respect the obligation to prioritise the customer's interests,

- a) Intermediaries are chosen independently in compliance with the referencing policy, the best selection of execution intermediaries and the best execution policy.
- b) Voting rights are freely exercised by the Company if it is duly authorised by its customers in accordance with its voting policy.

The referencing policy, best selection of intermediaries policy and the best execution policy, as well as all its policies, are revised at least annually. This assessment is based on a collective discussion of the following criteria: the quality of transaction processing, the quality of execution, the financial and moral quality of the intermediary and the compliance of the legal and ethical documents.

No transaction may be carried out with a financial intermediary who has not previously been authorised in the context of this process.

Covéa Finance endeavours to prevent market abuses. All Covéa Finance employees concerned are regularly trained in how to detect market abuse, how to prevent it and how to declare it.

Covéa Finance takes the necessary organisational measures following the "Chinese Wall" model, to avoid the circulation of confidential or insider information in its institution.

All Covéa Finance employees agree to refrain from using the insider information that they possess through buying or selling, or trying to buy or sell, for their own account or for the account of others, either directly or indirectly, the financial instruments to which this information refers or the financial instruments to which they are linked.

All Covéa Finance employees agree to refrain from manipulating markets both in a personal and a professional capacity.

The Company's internal regulations and the ethical commitment applicable to each employee and service provider working on Covéa Finance's premises explicitly state the rights and obligations which employees and service providers must respect, especially the obligations pertaining to professional secrecy.

Covéa Finance establishes rules for the personal transactions of its employees as well as for its own investment transactions. Covéa Finance lays down rules for the personal transactions of its own employees (including managers). These rules are specified in an individual ethical commitment signed by each employee attached to their employment contract.

Covéa Finance has set up a system based on policies and procedures governing its relations with third parties in order to prevent the risk of corruption by or for the benefit of a third party in a decision to select a service or a purchase. A procedure has also been set up to record and handle suspicions of corruption, or serious and blatant violations of a law or regulation reported by a whistleblower.

The Remuneration policy set up by Covéa Finance ensures that the conditions of remuneration of managers and risk takers do not contain terms which contradict the primacy of the customer's interest.

In its management activities, Covéa Finance ensures that the frequency of transactions for each customer's account is motivated only by the quest for performance complying with the mandate's objectives or the Mutual funds' prospectus.

Covéa Finance ensures the greatest transparency possible regarding the costs borne by its customers by directly taking charge of all the costs related to portfolio management ((custodian fees, appraiser costs and statutory auditor's expenses, research, etc.) and does not apply outperformance fees.

### **3.2. Resolution in the event of conflict of interest situations**

If a conflict of interest situation arises between Covéa France and its customer, or between customers (mandates and/or Mutual funds or between Mutual funds), Covéa Finance will inform its customers of the origin as well as of the nature of the conflict of interest and it will be resolved in priority in the interest of the customer who is external to the Group.

This conflict of interest situation is resolved systematically under the validation and control of one of the Heads of Compliance and Internal Control and is recorded in a specific register.

### **3.3. Conflict of interest register**

Any situation or event likely to lead to a risk of conflict of interest must be declared to Covéa Finance's Heads of Compliance and Internal Control which centralises them in a Conflict of Interest Register, including:

- The executive positions held by our employees in legal entities external to the Covéa Group;
- Family connections existing between our employees and third parties with whom we are in contact (customers, distributors, brokers, service providers, suppliers, etc.);
- Gifts and invitations to shows, seminars, trips offered by external third parties (intermediaries, bankers, appraisers, custodians, management companies, suppliers, IT service providers, customers, distributors, etc.);
- Benefits in kind (subscription, provision of technical tools, portfolio analysis, etc.) proposed by the same external third parties;
- Gifts and invitations to shows, seminars, trips, offered by Covéa Finance to external third parties (distributors, customers, service providers, etc.);
- Any dispensation regarding the remuneration of external third parties or the invoicing of customers;
- Any request for dispensation from our selection procedures by a service provider, partner or supplier (intermediaries, Portfolio Management Company, custodians, appraisers, suppliers, service providers, etc.);
- Any modification of pre-allocation of a single or aggregated order;
- Orders in conflict of interest between the various portfolios (simultaneous purchase and sale, exercising of divergent voting rights between customers, transactions on securities, etc.);
- Errors of execution or payment/delivery which require an activation of Covéa Finance's error account;
- Other transaction processing incidents requiring the intervention of employees from the middle office and giving rise to the completion of an incident report;
- Any request or instruction from a customer likely to compromise the autonomy of Covéa Finance's management;



The terms and conditions chosen to manage these situations are also included in the conflict of interest register.

Employees' personal transactions (on security accounts, PEA (plan d'épargne en actions [stock saving plans], etc.) are specifically declared to the Heads of Compliance and Internal Control in charge of Periodical Control and Compliance in accordance with the ethical commitment signed by each employee.

If a conflict of interest situation arouses a suspicion of an attempt at corruption or a market abuse situation, one of the Heads of Compliance and Internal Control shall declare this to the competent authorities.