

Covéa Finance SAS Policy on Prevention and Management of Conflicts of Interest and Code of Ethics (Code of Good Conduct)

Covéa Finance SAS, a portfolio management company accredited by AMF (French Financial Markets Authority) with effect from 21 February 1997 under accreditation number GP 97 007, specializes in the following activities:

- portfolio management under a mandate on behalf of institutional customers,
- portfolio management through UCITS [OPCVM] available to the general public,
- portfolio management through AIF available to the general public,
- investment research and financial analysis for our management teams,
- investment advice on an incidental basis,
- marketing mutual funds [OPC] managed by Covea Finance,
- administrative and accounting management of financial investments by companies in Covéa Group.

In the scope of performing these varied activities, Covéa Finance may encounter situations of potential or actual conflicts of interest.

It is not unusual that such situations arise. Covea Finance's duty is to limit them, identify them, manage them and, where applicable, report them to the competent authorities in accordance with regulations and its Code of Ethics (Code of Good Conduct).

This Policy on Prevention and Management of Conflicts of Interest sets out the measures implemented to prevent and manage conflicts of interest and falls in the scope of application of the following provisions:

- European Regulation No 596/2014 of 16 April 2014 on market abuse "MAR",
- European Directive No 2014/65 of 15 May 2014 on markets in financial instruments "MIF 2",
- AMF General Regulations, Book III, Chapter IV, on rules of good conduct for investment service providers and portfolio management companies,
- French Act No 2016-1691 of 9 December 2016 on transparency, anti-corruption and economic modernisation (referred to as Sapin 2 Act).

In addition, in accordance with French regulations, Covéa Finance is a member of a professional association, AFG (French Association of Financial Management).

Given these circumstances, Covéa Finance makes sure that the rules of good conduct, codes of ethics and guidelines on good governance laid down by AFG are properly applied.

In this respect, the priority of the customer's interest and the integrity of the market which covers all of the management company's activities, are connected to key principles such as the duty to provide information and the duty of transparency towards customers, prevention and management of conflicts of interest, equal treatment of customers (between investors who have granted mandates, between mutual fund holders or between investors who have granted mandates and mutual fund holders), and the framework governing employees' personal transactions.

Covéa Finance also complies with the rules on personal transactions which require transparency by its employees in accordance with the procedures set out in the company's internal regulations and the ethical commitment signed by each employee and director.

In accordance with its accreditation application and applicable internal procedures, Covéa Finance undertakes to comply with this document setting out its Code of Ethics and its Policy on Management of Conflicts of Interest.

The main subjects which CICOs (Compliance and Internal Control Officers) at Covea Finance are particularly required to closely monitor include prevention and management of conflicts of interest, and control of compliance with the company's ethical commitments.

1- Some definitions

- **Definition of an interest**

An interest gives rise to an advantage of any kind 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 director, an employee of the management company, a customer or the management company itself has a tangible, professional, commercial or financial interest which competes with the interest of one or more customers (investor who has granted a mandate or mutual fund holder), which must take priority.

- **Definition of an abuse of interest**

An abuse of interest is a situation in which the result of a transaction carried out by Covéa Finance or one of its directors or employees implies a

considerable disadvantage for a customer's interests and, in return, a considerable advantage for Covéa Finance, an employee, another customer or any other third party, without the other parties being informed of such advantage or in breach of this Policy.

- **Definition of corruption**

Corruption is conduct which may give rise to criminal prosecution whereby a person (the corrupt party) requests, approves or accepts a gift, offer or promise, presents or any advantages whatsoever with a view to performing, delaying or omitting to perform a task directly or indirectly falling within the remit of his position. The risk of corruption is prevented by our Policy on Prevention and Management of Conflicts of Interest, our Code of Ethics and the ethical commitment signed by all Covéa Finance employees.

2- Criteria for identifying and detecting potential sources of conflict of interest

Covéa Finance takes necessary measures with a view to detecting situations that may create a conflict of interests between Covéa Finance and/or its employees with any service provider, supplier or customer, or even between two customers (mandates and/or mutual fund), and in particular in the following cases:

- Collecting commission or accepting advantages that may influence the advice given or service provided,
- Acceptance by our service providers or customers of gifts and/or advantages and/or invitations that may compromise the integrity of Covéa Finance or its employees,
- Offering gifts and/or advantages and/or invitations to our service providers and/or distributors, and/or customers that may compromise their integrity,
- Competing with a customer's interests (mandate and/or mutual fund) in relation to an own account transaction,
- Being given an incentive, based on financial or other reasons, to give priority to the interests of another customer or a group of customers over the interests of the customer to whom the service is provided;
- Receiving an advantage from a person other than the customer relating to the service provided to the customer, in any form whatsoever, other than commission or the costs normally charged by the company for this service;
- Any situation that may generate a financial gain or prevent a financial loss for Covéa Finance at the customer's expense;

- Any other situation that results in an interest that differs to the customer's interests.

3- Organisational mechanism for preventing conflicts of interest

3.1. Covéa Finance has implemented an organisation aimed at reducing the risks of conflicts of interest

Covéa Finance has the appropriate resources, organisation and internal control and monitoring procedures for the activities performed.

Covéa Finance has implemented an organisation and procedures which comply with provisions on combating money laundering and terrorist financing.

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

Covéa Finance endeavours to understand each customer's situation and objectives. Therefore, the duty to provide information to the customer includes the duty to warn the customer of the risks involved.

Covéa Finance's duties towards its customer are set as clearly as possible. To this end, Covéa Finance informs its customer regarding their mutual commitments, the general terms and conditions and applicable pricing.

These terms and conditions and commitments are set out in an agreement entered into between Covéa Finance and its customer and must take the form of a management mandate, a mutual fund prospectus or a services agreement, in accordance with French regulations.

Covéa Finance's own account orders are separate from orders for customers and can be precisely identified.

In the performance of their duties, managers must comply at all times with the duty to prioritise the customer's interests,

- a) Intermediaries are independently selected in compliance with the referencing policy, best selection of execution intermediaries and best execution policy.

- b) There are no restrictions on the company's exercise of voting rights if it is duly authorised by its customers in accordance with its voting policy.

The referencing policy, best selection of intermediaries policy and best execution policy are reviewed at least annually. This review is based on collective analysis in accordance with the following criteria: quality of transaction processing, quality of execution, financial and moral status of the intermediary and compliance of legal and ethical documents.

No transaction may be carried out with a financial intermediary which has not been pre-authorised in the scope of this process.

Covéa Finance endeavours to prevent market abuse. All Covéa Finance employees concerned are given regular training on how to detect suspicions of market abuse, how to prevent it and how to report it.

Covéa Finance has implemented the necessary organisational measures based on the "Chinese Wall" model to prevent disclosure of confidential or insider information within the company.

All Covéa Finance employees agree to refrain from using insider information which is in their possession in their capacity as buyer or seller, or attempting to buy or sell, on their own account or on account of a third party, either directly or indirectly, financial instruments to which this information refers or financial instruments to which they are linked.

All Covéa Finance employees undertake to refrain from manipulating markets in a personal or professional capacity.

The company's internal regulations and the ethical commitment applicable to each employee and service provider working at Covéa Finance's premises clearly specify the rights and obligations which employees and service providers must observe, including in particular obligations to observe professional secrecy.

Covéa Finance has set rules applicable to personal transactions of its employees and its own investment transactions. Covéa Finance has set rules for personal transactions of its own employees (including directors). These rules are laid down in an individual ethical commitment signed by each employee appended to their employment contract.

Covéa Finance has implemented a mechanism based on the 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 selection decision relating to a service or a purchase. A procedure has also been implemented

to record and handle suspicions of corruption, or serious and blatant breaches of a law or regulation reported by a whistleblower.

The Remuneration Policy introduced by Covéa Finance ensures that the terms and conditions of remuneration for managers and risk-takers do not contain terms and conditions which contradict the priority of the customer's interest.

In its management operations, Covéa Finance ensures that the frequency of transactions for each customer's account is solely justified by seeking to achieve performance in compliance with the objectives of the mandate or mutual fund prospectus.

Covéa Finance ensures the highest level of transparency possible in relation to the costs incurred by its customers by directly assuming all portfolio management costs (custodian fees, valuation costs and statutory auditor's fees, research expenses, etc.) and does not apply outperformance commission.

3.2. Resolution 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 fund or between mutual funds), Covéa Finance will inform its customers regarding the source and nature of the conflict of interest, which will be resolved as a priority in the interest of the customer who is not a member of the Group.

Such a conflict of interest situation will be resolved systematically subject to approval and control by one of the CICOs and will be recorded in a special register.

3.3. Conflict of Interest Register

Any situation or event that may lead to a risk of conflict of interest must be reported to Covéa Finance's CICOs who centralise them in a Conflict of Interest Register, including the following:

- Corporate mandates held by our employees in legal entities which are not part of the Covéa Group;
- Family ties between our employees and third parties with whom we have relations (customers, distributors, brokers, service providers, suppliers, etc.);
- Gifts and invitations to shows, seminars and trips offered by external third parties (intermediaries, bankers, valuers, custodians,

management companies, suppliers, IT service providers, customers, distributors, etc.);

- Benefits in kind (subscriptions, supplying technical tools, portfolio analysis, etc.) offered 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 exemption relating to the remuneration of external third parties or customer invoicing;
- Any request for an exemption from our selection procedures by a service provider, partner or supplier (intermediaries, portfolio management companies, custodians, valuers, suppliers, service providers, etc.).
- Any amendment to pre-allocation of a single or aggregated order;
- Orders creating conflicts of interest between different portfolios (simultaneous purchase and sale, exercise of divergent voting rights between customers, securities transactions, etc.);
- Execution or payment/delivery mistakes which require activation of Covéa Finance's error account;
- Other transaction processing incidents requiring action by middle office employees and giving rise to the creation of an incident report;
- Any request or instruction by a customer that may compromise Covéa Finance's management independence;

With regard to unlisted investment activities, sources identified in terms of conflicts of interest between portfolios are valuation in the event of transfer of a holding, joint investment between managed funds, joint investment between managed funds and/or the management company/members of the management company, investment in companies in which the employee has interests or links of interest, etc.

The terms and conditions laid down to manage these situations are also set out the Conflict of Interest Register.

Employees' personal transactions (on securities accounts, share saving plans [PEA], etc.) must be specifically reported to the CICO in charge of Compliance and Periodic Control in accordance with the ethical commitment signed by each employee.

If a conflict of interest situation triggers suspicion of attempted corruption or market abuse, one of the CICOs will report this matter to the competent authorities.

Failing which, any employee who wishes to report a potential breach on which he has precise and private information can contact the AMF whistleblower programme (see box below).

Please contact the whistleblower unit by e-mail: lanceurdalerte@amf-france.org, by post sent to “AMF Direction des affaires juridiques – 17 place de la Bourse – 75082 Paris Cedex 02”, specifying “CONFIDENTIEL” [CONFIDENTIAL] on the envelope or by telephone: 01 53 45 64 44 from 9:00 to 12:00 and 14:00 to 17:00.

For confidentiality reasons, we recommend that you use your personal e-mail address or personal telephone rather than your work e-mail address or work telephone.