

Covéa Finance

Internal Control Policy

1. AMF definition of Internal Control

Internal control is a measure defined and implemented by the accountable managers and staff of companies aimed at ensuring:

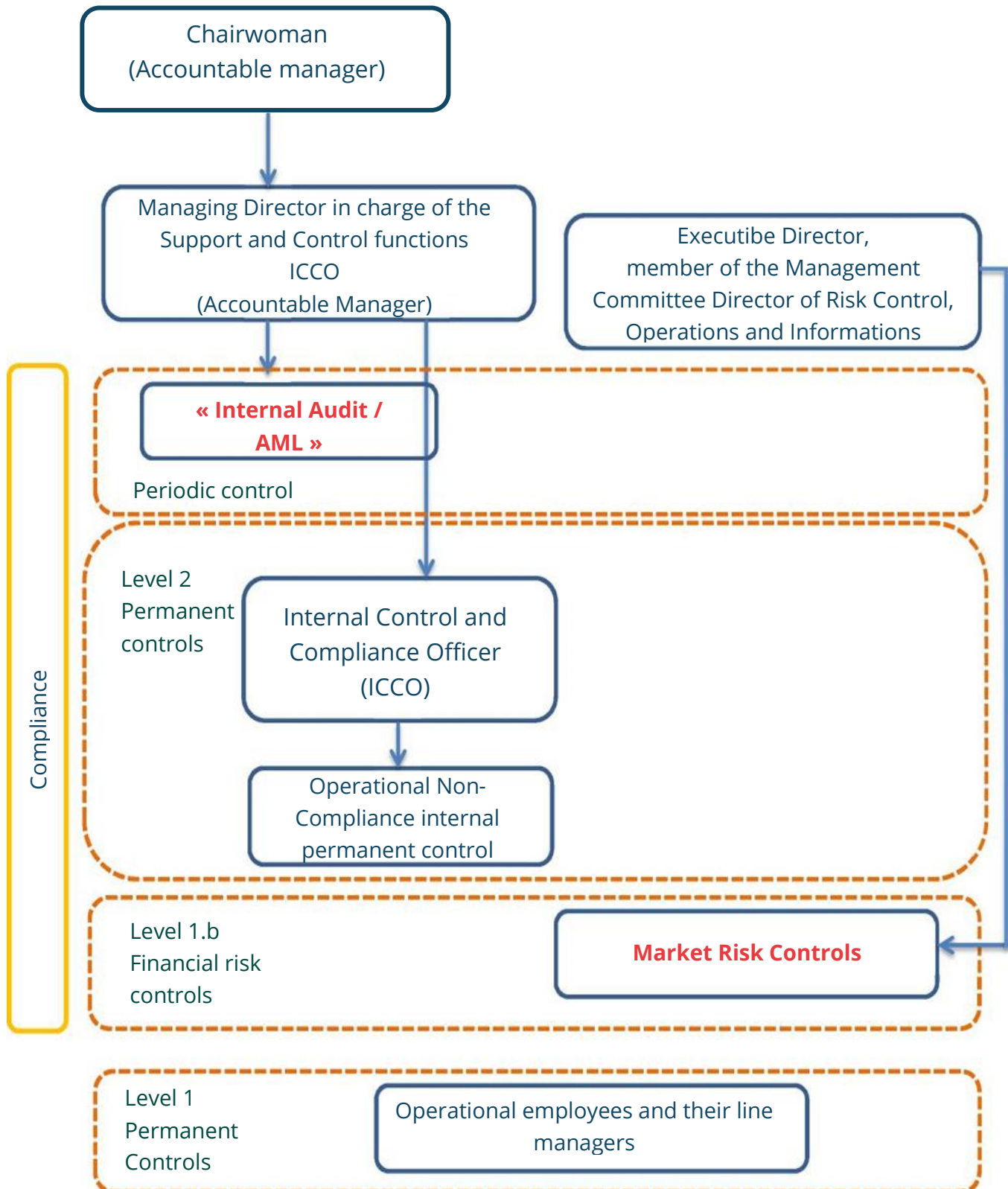
- compliance with the laws and regulations to which the company is subject;
- the application of the instructions and strategies issued by General Management and communicated to employees;
- the successful operation of the company's internal processes, especially those contributing to the safeguarding of its assets (tangible or intangible such as know-how and reputation);
- the reliability of the information issued, especially financial information, through, for example, the separation of duties, the identification of the origin of information, compliance with accounting principles and financial management, etc.;

And generally, contributes to the control of its activities, the effectiveness of its operations and the efficient use of its resources.

However, internal control cannot provide an absolute guarantee that the company's aims will be achieved.

2. The organisation of the Permanent Internal Control system at Covéa Finance

The organisation of the control system within Covéa Finance, in accordance with the AMF instruction 2014-06



In this framework, the main objectives of the internal control system are to:

- a. control and manage the operational risks, detect any risk of non-compliance with the professional obligations applicable to investment service providers;
- b. set up all measures to minimise the consequences attached to the service provider's failure to fulfil its professional obligations;
- c. monitor compliance with the defined procedures and policies;
- d. ensure compliance with the management strategies and the consistency of the investment and divestment decisions specified during executive committee meetings;
- e. oversee the map of all risks (non-compliance and operational risks) of the asset management company shared with the business lines, categorising the risks (probability of occurrence, assessment of the impact);
- f. ensure the continuous improvement of procedures, recommendations, corrective actions, monitoring of implementation;
- g. control the ethics of employees and conflict of interest situations

Le Règlement de Déontologie [Ethics Regulation] of the Association Française de la Gestion (AFG) of September 2021, Le guide de Gouvernance des Sociétés de Gestion [Governance Guide for Asset Management Companies] (AFG) in January 2017 and Règlement Général de l'Autorité des Marchés Financiers [General Regulation of the Financial Markets Authority (AMF), Articles 318-49 to 318-57, 321-30, 321-31, 321-33, 321-35, 321-36 and articles 321-83 to 321-92, require Covéa Finance, as an asset management company approved by the AMF, to have a Compliance Function in charge of advising on and assisting with the implementation of legal and regulatory obligations and an Internal Control Function in charge of level two permanent control, which covers all activities and employees of the asset management company, including the duties of business watch, advice, training and control of the conformity of the transactions carried out (compliance with regulatory constraints, procedures, ethical constraints, management of conflicts of interest).

This Internal Control system relies on control systems integrated with functional and operational processes.

3. Internal Control participants

Internal Control concerns everyone, including governance bodies and all company employees.

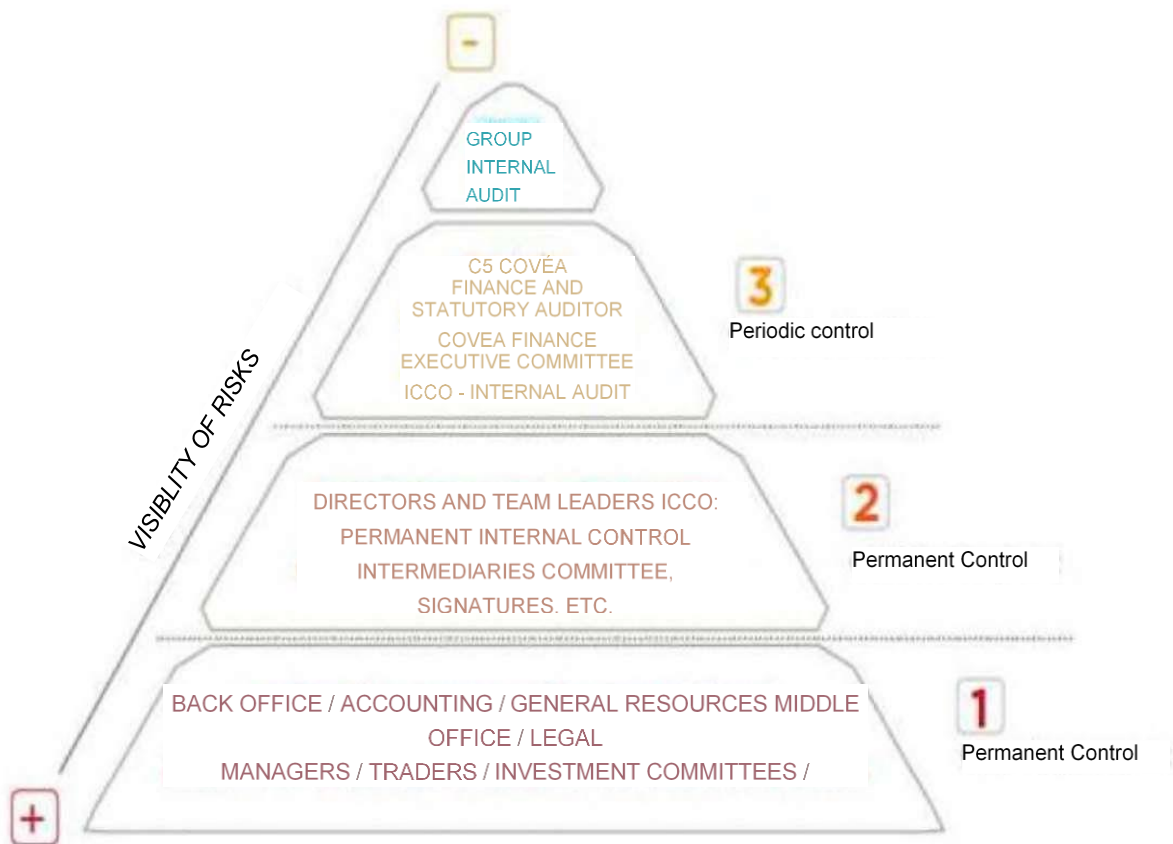
To achieve this, each employee concerned should have the knowledge and information required to establish, operate and monitor the internal control system, with regard to the objectives that have been assigned to them.

For this purpose, all management teams and the majority of other Covéa Finance employees hold AMF certification.

This is also the case with the operational managers and internal controllers, who must play an important management, information and control role.

These participants operate on three different levels:

- two permanent internal control levels and
- a periodic internal control level (called "level 3", or Internal Audit).



4. Permanent Internal Control participants

There are two permanent internal control levels:

On level 1, the controls consist of permanent and operational monitoring carried out as part of transaction processing. They focus on the processing and management of transactions during the day, their satisfactory completion and their correct daily incorporation into the position-keeping, accounting and summary systems.

It is therefore essential to keep the policies and procedures related to each service up to date, bearing in mind that the internal control function does not draft any procedure or policy covering the operational activities.

These level 1 controls are performed by each employee in the normal course of their daily activities, both by Front Office, Middle Office, Back Office, other support functions and Covéa Finance subcontractors. These controls must be formalised. Without the formalisation of these controls, they cannot be considered as performed.

On level 2, the "permanent" controls are performed retrospectively, at a predefined or random frequency, by entities not operationally involved, namely by the various operational managers in the normal course of their duties and by Covéa Finance's Internal Controller team, dedicated to these controls.

These level 2 controls are verifications of substance and form in order to validate the effectiveness of the level 1 controls, the compliance of the process and processing methods relating to a transaction or file and to specifically monitor the various related operational risks.

These level 2 permanent controls focus more specifically on:

- The compliance of the operations performed by the company, its organisation and its internal procedures with:
 - Professional regulations and obligations (AFG, AMF, French Monetary and Financial Code, etc.), integrating the opinions formulated by the compliance function;
 - Contractual commitments related to the third-party management activities and investment constraints defined in the UCI prospectuses
 - Decisions made by the company's Directors.

- Control of operational and Fraud risks;
- Security and validation of the transactions carried out;
- The compliance of other due diligence procedures related to the monitoring of risks associated with transactions;
- Ethics, including conflicts of interest and corruption risks; see Conflict of Interest Prevention and Management Policy.

The level 3 control duties (called "Periodic Controls") are carried out by independent participants and defined in the Internal Audit Policy.

5. Performance of duties and management of continuous improvement

Firstly, the Internal Control and Compliance Officer and the members of Internal Control have sufficient resources to perform their duties and have access to all necessary information, such as the tools and applications used by the Company in the course of its activity (see Principle no. 8 from the Governance Guide for Asset Management Companies published by the AFG in January 2017. The content of this Governance Guide for Asset Management Companies applies to all French asset management companies).

5.1 Performance of level 2 Internal Control duties

The Internal Control Function performs its control tasks completely independently at the frequencies established in its annual action plan and its control schedule, presented in the Executive Committee meetings.

Each of its controls is formally documented in a detailed summary report. All such documents are made available to the AMF, the statutory auditors, Internal Audit and Covéa Group Audit.

The control plan and the global risk map are modified according to the conclusions of Internal Audit, Group Audit, Compliance and Market Risk Control.

All documents that have been used for the controls are archived in the permanent internal control system. Findings made are based on the requirement to:

- Check the compliance of the transactions performed with the company's accreditation file,
- Check that the existing procedures (modelled with the Méga software) are made available to staff, kept up-to-date and describe for each transaction executed:
 - the process for recording, processing and presenting information,
 - each participant's areas of responsibility,
 - the level 1 control procedures and tasks.

- Ensure that in their day-to-day activities, employees apply the procedures implemented by the Asset Management Company to comply with applicable financial market regulations,
- Implement the internal control systems and make them operational,
- Implement the assistance and prior approval system during the introduction of new products or services.

If an anomaly is found during any audit, Internal Control notifies the operational staff concerned as well as their line managers, recommending corrective actions so that the latter can be implemented immediately. Internal Control does not issue any further requests once the anomaly is resolved.

If the anomaly persists, Internal Control escalates its alerts directly to the Accountable Managers.

Each quarter, a summary of the anomalies detected and the action taken is forwarded to the members of the Covéa Finance Executive Committee. This activity report contains information on the follow-up of the recommendations and quantitative and qualitative information on the observations made during the quarter. This summary is made available to Covéa Group Audit, the AMF and the Statutory Auditors.

The internal control teams also ensure that the internal control system is kept up-to-date by carrying out field tests on operational staff covering processes and existing control points. Rather than producing an audit report, such activities result in recommendations for changes to be made to level 1 and/or level 2 controls, as discussed with the operational staff themselves and with their direct line managers. Having performed their responsibilities, the Internal Control and Compliance Officer will adapt their tools and level 2 internal control schedule and update the annual action plan.

5.2 Performance of duties by the Internal Control and Compliance Officer in charge of the Internal Control Function

In accordance with regulations, the Internal Control Function also has a duty of advice, training and regulatory watch for the benefit of the managers and employees regarding compliance with applicable regulations and internal procedures. This task supplements the duties of the Compliance Function in this field.

As such, any modification of existing procedures or request for exemption from a procedure must be given former prior approval (generally by email) by the internal control teams, under the responsibility of one of the Internal Control and Compliance Officers.

Similarly, when existing products or services are modified or new products or services are introduced, the Internal Control and Compliance Officer is asked to issue a written opinion (usually by email).

6. The Internal Control plan

Details of the duties of the Internal Control Function are formalised in an Internal Control Annual Action Plan, validated by the Executive Committee.

The Internal Control and Compliance Officer defines an annual internal control plan that follows the directions given within Covéa Finance and the Covéa group.

This plan also includes any specific requests issued by the AMF.

This plan is then discussed and validated by the Executive Committee. It may be supplemented during the year and is reviewed at least annually.

This plan is sent to each member of the Executive Committee of Covéa Finance, to internal audit at Covéa Finance and the Internal Audit Division of the Covéa Group. It is made available to the members of the Covéa Finance Supervisory Board, the statutory auditors and the AMF.

The development of the internal control plan is based on:

- The identification of all level 1 and 2 control points regarding both the asset management company, the UCITS and the mandates, establishing a control frequency in line with potential risks,

- Consideration of changes affecting the company's processes, activities or legal scope that impact the level 1 or 2 control points,
- Analysis of any regulatory changes impacting the internal control system,
- Any observations issued by the Auditors of the UCITS, the principals or the asset management company,
- Requests by members of Covéa Finance's Accountable Managers,
- Comments on the summaries of activities performed by Covéa Finance Internal Audit and the Risk Committee (coordinated by Covéa Finance Risk Control),
- Examination of the conclusions of controls or investigations carried out by the supervisory authorities of Covéa Finance,
- Examination of the work performed by Group Internal Audit or Group Internal Control,
- The assessment by the internal control or internal audit teams,
- Regulatory changes based on the work of the Compliance Function, as well as on the Internal Control watch,
- Organisational changes in the Company and in the IT system.

The internal control plan must ensure that each listed level 2 control is conducted at least once a year and that department operations and supervision of the main risks are correctly translated into relevant level 1 controls.

Updated in Paris on 14 December 2021