

A large, ornate fountain with multiple tiers and statues, set against a blue sky with light clouds. The fountain is the central background element of the cover page.

POLICY

COVÉA FINANCE INTERNAL CONTROL

Update:
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I. 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 the 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 or reputation);
- the reliability of the information issued, especially financial information, through, for example, the separation of tasks, the identification of the origin of information, the compliance with accounting principles and financial management, etc.;

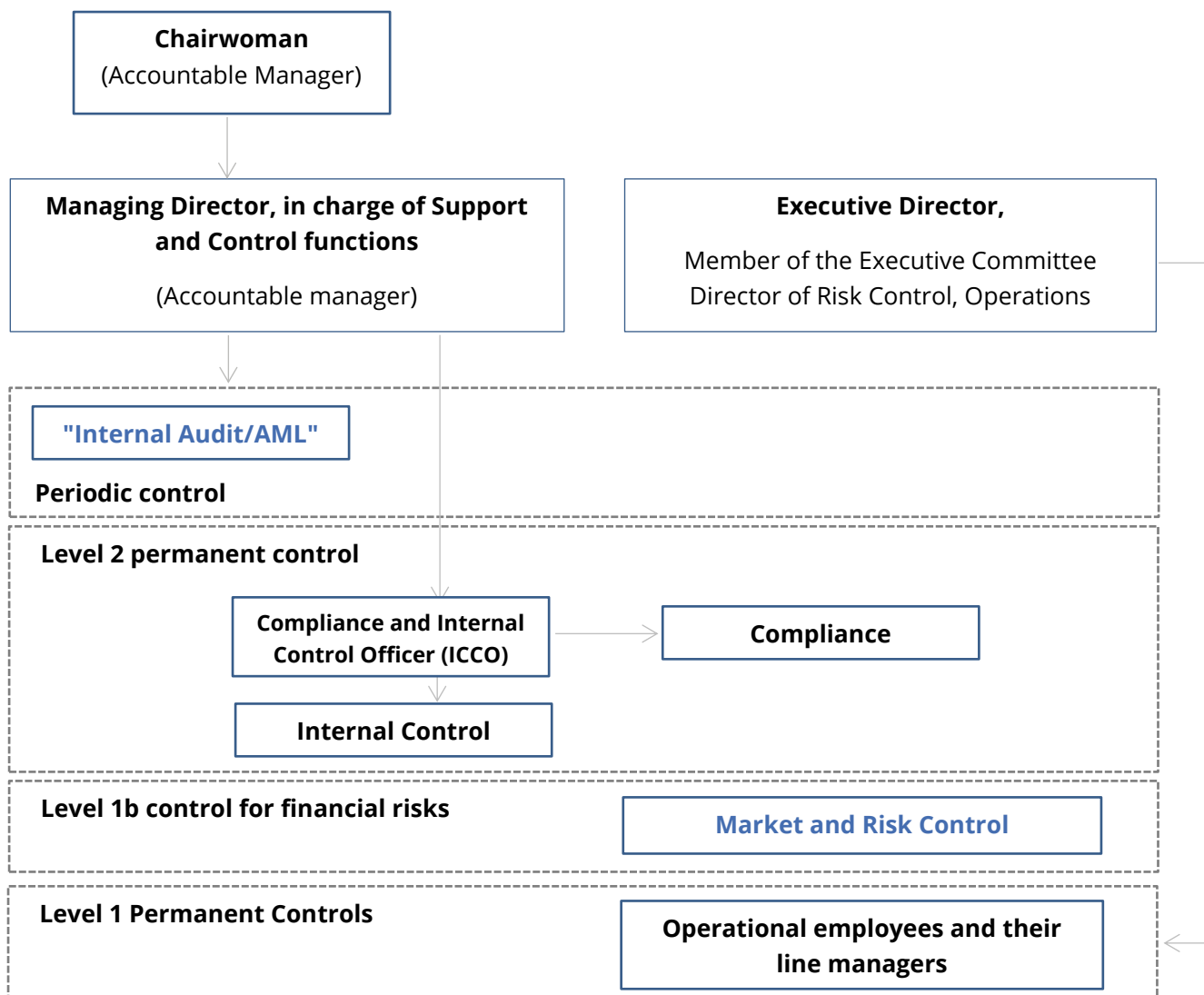
And generally, contributes to the control of its activities, the effectiveness of its operations and the efficient use of its resources.

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

Source: Reference framework on risk management and internal control systems July 2010

II. 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 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 the respect of management strategies and the consistency of investment and divestment decisions specified during management committee meetings;
- e. Oversee the map of 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

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

III. 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, and apply the internal control system, with regard to the objectives that have been assigned to them.

These participants operate on three different levels:

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

IV. Permanent Internal Control participants

Audit: <ul style="list-style-type: none"> ▪ Periodic control ▪ Thematic approach 		
Compliance: <ul style="list-style-type: none"> ▪ Regulatory intelligence ▪ Alignment of the alert system with identified risks and standards 	2 nd level controls	Internal Control <ul style="list-style-type: none"> ▪ Compliance with procedures ▪ Operational risk management
	1 st level Controls	Business lines

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. Incidents detected during first-level controls are reported to the business line managers and collected by internal control.

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 1st level controls are performed and formalised by the business lines.

On level 2, the "permanent" controls are performed at a predefined or random frequency, by entities not operationally involved, and by Covéa Finance's Internal Controller team assigned to these controls.

Level 2 controls are controls that validate the effectiveness and implementation of level 1 controls and are targeted in accordance with a risk-based approach.

These level 2 permanent controls focus on:

- The compliance of the operations performed by the company, its organisation and its internal procedures with:
 - Professional regulations and obligations (AMF, French Monetary and Financial Code, etc.), integrating the opinions formulated and risks identified by the compliance function;
 - Contractual commitments relating to third-party management activities and investment constraints defined in the UCI prospectuses
 - Decisions made by the company's senior executives.
- Control of operational and fraud risks;
- Security and validation of the transactions carried out;
- Respect 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 2nd level controls by internal control are supplemented by controls conducted by compliance, which carry out their own controls using a risk-based approach.

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

V. Performance of duties and management of continuous improvement

Firstly, 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.

A. 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 at Audit and Compliance committee meetings.

Each of its controls is documented. All the documents are made available to the AMF, the statutory auditors, Internal Audit and Covéa Group Audit.

All documents that have been used for the controls are archived in the permanent internal control system.

If an anomaly is found during any audit, Internal Control notifies the operational staff concerned as well as their line managers by email, 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.

If the control is covered by a regulatory obligation, internal control reports the anomalies detected to compliance so that the risks of non-compliance can be assessed

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.

VI. Validation of exemptions

The Internal Control Function also provides advice and training to employees with respect to internal procedures. This task supplements the duties of the Compliance Function in this field.

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

VII. 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 is then presented at a meeting of the Audit and Compliance 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 internal control plan is structured in accordance with a risk-based approach:

- Identification of all net operational risks (included in our Operational Risk Map)
- Identification of all level 1 and 2 control points regarding both the asset management company, and UCITS and 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 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,
- 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 allow each of the 2nd level control points identified to be implemented at least once a year. It must also ensure that relevant 1st level controls exist for the main business risks.