

A large, ornate fountain with multiple tiers and statues, set against a blue sky with clouds. The fountain is the central focus of the image, with water spraying from various points. The background shows a city street with buildings and a clear blue sky.

MANAGEMENT AND PREVENTION OF CONFLICTS OF INTEREST

POLICY

Updated: June 2024

Foreword

This policy outlines the measures taken in relation to the prevention and management of conflicts of interest within Covéa Finance. Conflicts of interest are linked to the nature of Covéa Finance's activities and to the relationship between Covéa Finance and its parent entity, the Covéa Group.

Covéa Finance identifies and manages potential conflicts of interest in order to minimise the risk they may have on the interests of its customers.

Regulatory references

This policy has been drafted pursuant to:

- Article 533-10 (3) of the French Monetary and Financial Code,
- Section 7 - Conflicts of interest (Articles 321-46 to 321-52) of the AMF's General Regulation,
- Section 3 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council, and
- Section 2 of Commission Delegated Regulation (EU) 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council,
- The AFG Code of Conduct, as updated in September 2021

Principle of the primacy of unitholder/principal interests

In managing conflicts of interest, Covéa Finance undertakes to ensure the primacy of the interests of unitholders/principals ("customers") in any situation.

In the event of a conflict between the interests of several customers, Covéa Finance shall treat all the customers equally, regardless of considerations relating to the amount of assets held or the size of customer entity.

Identification of actual or potential conflicts of interest

Covéa Finance maintains a mapping of situations that might create a conflict of interest that could adversely affect the interests of unitholders and principals, in particular:

- If Covéa Finance or a third party directly or indirectly related to Covéa Finance makes a financial gain or avoids a financial loss at the expense of the customer/fund,
- If Covéa Finance or a third party related to Covéa Finance has a different interest in the outcome of a decision compared to the customer/fund,
- If a conflict of interest may arise between different customers or different funds,
- If Covéa Finance, or a third party related to Covéa Finance is in competition with the customer (carries out the same business activity as the customer),
- If Covéa Finance or a third party related to Covéa Finance receives remuneration or a benefit other than the fees charged.

Third parties related to Covéa Finance included in the analysis of conflicts of interest include the Covéa Group in its role as sole shareholder and principal customer of Covéa Finance, and Covéa Finance employees.

When identifying potential or actual conflicts of interest, Covéa Finance takes into account conflicts of interest that may arise from the integration of sustainability risks in the investment process.

Conflicts of interest are mapped by the Internal Control and Compliance Officer (ICCO) and their teams, and are updated at least once a year.

The vigilance of all employees is required to identify any conflict of interest situation, whether potential or proven. A training and awareness-raising system is implemented to ensure its effectiveness.

Covéa Finance also keeps an up-to-date register of cases of identified conflicts of interest, which notably lists cases of personal conflicts of interest of employees as well as cases of conflicts of interest identified between mandates and UCIs.

Principles for the management of conflicts of interest

Covéa Finance applies the following principles for managing and preventing conflicts of interest, in order of priority:

Priority	Conflict management procedure	Explanation
1	Prevention	Covéa Finance aims to align the interests of unitholders with its own interests when creating new products and implementing its policies and procedures.
2	Identifying and avoiding conflicts of interest	When a conflict of interest is identified, Covéa Finance aims to prevent any situation arising that would enable the conflict of interest to materialise (for example, through abstention or non-participation in committees), or to separate teams whose joint coordinated work could allow the conflict to materialise.
3	Identification and management of conflicts of interest	Where Covéa Finance cannot rule out the possibility of a conflict of interest arising in advance, Covéa Finance must put in place processes and procedures that safeguard the interests of unitholders and principals.
4	Reporting to management	If the procedures and organisational measures put in place do not rule out the risk that customers' interests could be adversely affected, the Internal Control and Compliance Officer must be informed in order to take the necessary decisions and measures (e.g. additional controls or a reorganisation) to ensure that Covéa Finance acts in the interest of unitholders/principals. The ICCO reports to management on the identification, management and monitoring of actual conflicts of interest.
5	Information provided to customers	If Covéa Finance cannot rule out the possibility that a conflict of interest has adversely affected its customers' interests despite the procedures and processes implemented, the company informs its unitholders, either directly or on its website: https://particulier.covea-finance.fr/nous-connaître/nos-rapports-et-politiques

Measures for the prevention and management of conflicts of interest

Organisational measures

Covéa Finance separates teams in situations where reporting to the same supervisor could create or aggravate a conflict of interest. It implements detailed operating procedures and methods to ensure that the business lines perform their activities in the sole interest of customers and to verify, during controls, that operating decisions have not been affected by a possible conflict of interest.

Management autonomy and independence

Covéa Finance is an independent subsidiary of the Covéa Group. It carries out its activities independently at the premises of its registered office, which are separate from the premises of its shareholder.

Information barriers are also put in place in the event of insider or confidential information.

If Covéa Finance executes market orders for the Covéa Group's strategic investments, the management company processes these orders separately from its management of funds and mandates and bans employees from trading in the securities concerned on their personal accounts.

Principle of collegial management

Covéa Finance decides on its management strategy and implements it independently. The principle of collegial management and the establishment of the EFO ensure that the same management principles apply and the same information is disseminated to the management teams of UCIs and mandates.

Covéa Finance does not allow any formal or informal interference by the Covéa Group or any other customer in its management of UCIs. For discretionary management, specific instructions from principals are governed by contractual clauses that ensure management independence.

Opposing transactions

When the investment decisions of a mandate or a UCI lead to opposing transactions between two portfolios (one portfolio processes the purchase value while the other portfolio processes the sale value), the following measures are implemented:

- Covéa Finance strives to execute orders on the financial markets

- The traceability of management decisions is strengthened, and opposing transactions between mandate portfolios vs. UCI portfolios are listed in the conflicts of interest register.

Specific voting instructions for discretionary management

In accordance with Covéa Finance's voting policy, any instructions for voting by a principal apply only to securities held in said principal's mandates. Covéa Finance applies its voting policy to securities held in other portfolios, even if this approach leads to opposing positions on certain resolutions.

Investments in unlisted and illiquid securities

Some investments managed by Covéa Finance may involve securities of unlisted companies (debt and equities). In order to prevent conflicts of interest that may arise from these investments, Covéa Finance:

- Takes information barrier measures in the event of participation in IPOs of companies issuing the underlying securities,
- Refrains from participating in consultation committees of the management companies that manage its funds if Covéa Finance has identified, at its level, interests that are contrary to the interests of the underlying fund in relation to the security concerned by the consultation,
- Identifies potential conflicts of interest with underlying companies and implements additional controls if a conflict of interest with these companies cannot be ruled out, despite its procedures.
- Refrains from investing in companies in which one of its employees has a personal link.

In cases where Covéa Finance's open-ended funds are required to invest in illiquid securities, Covéa Finance sets strict liquidity risk management thresholds in order to minimise conflicts of interest between customers who wish to liquidate their units and long-term investors.

Execution of orders on the market

Orders from Covéa Finance's management team are processed by the trading desk, which is physically and hierarchically separated from the management team.

Orders are pre-allocated to the fund/mandate on the trading desk, so as to ensure equal treatment of customers when orders are placed.

First and second-level controls are in place to verify the order placing process.

The placing of orders for Covéa Finance's own account is handled separately from the placing of orders from the management team.

Management of sustainability-related conflicts of interest

In the event of a conflict between a financial management constraint and a non-financial management constraint, Covéa Finance will seek to ensure that constraints are aligned in accordance with the primacy of the interests of customers. Covéa Finance will give preference to compliance with financial management constraints within the limit of the pre-contractual commitments of the UCIs concerned.

Management of employee conflicts of interest

In accordance with Covéa Finance's ethics system, employees are required to report any personal conflicts of interest that have an impact on their probity, any corporate offices held, gifts and invitations received and securities accounts held.

This system aims to minimise any risk of personal conflict of interest according to the following principles:

- A manager must never be placed in a situation that requires them to perform other internal or external functions that are clearly conflicting.
- If an employee has a connection with a third-party company or an external customer (e.g. a family relationship), the employee must not be involved in the management of this third party, in third party selection processes or in the customer relationship.
- Covéa Finance employees are bound by a confidentiality obligation and must refrain from disclosing to any other person inside information or information relating to customers or portfolios managed.
- All employees must make an ethical undertaking, and comply with a code of good conduct, an ethical charter and strict procedures governing gifts and benefits that they may receive.

Covéa Finance also monitors personal transactions involving Covéa Finance UCITS/AIF and direct securities. The management company only authorises transactions for which no risk of conflict of interest has been identified.

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