

CPR AM POLICY FOR PREVENTION AND MANAGEMENT OF CONFLICTS OF INTEREST

From time to time, CPR AM may face situations in which a client's interests could conflict with those of another client or of CPR AM or one of its employees.

In order to ensure the protection and primacy of client's interests and to comply with the applicable regulations, CPR AM has implemented a policy and procedures aimed at preventing situations involving conflicts of interests and resolving such situations if they arise.

This policy describes CPR AM's approach to the identification, prevention and management of conflicts of interest that may arise in the conduct of its activities.

CPR AM has the following advantages:

- It has only one **business line**, namely third-party asset management, which avoids sources of conflicts of interest created by the co-existence of several competing business lines;
- Within the Crédit Agricole Group, it has **total decision-making freedom** as regards financial management, commercial philosophy and logistics (in particular as regards the choice of service providers);
- It relies on the **resources of Amundi and the Crédit Agricole Group** to determine its operating principles, in particular as regards internal controls and risk management.

PRINCIPLES

CPR AM's conflict of interest management policy is intended to protect and ensure the primacy of the interest of our clients in accordance with the relevant legal provision and regulations applicable to our company.

It is based on three principles:

- **knowledge and anticipation** of risks of conflicts of interest, illustrated by the existence of risk mapping and our commitment to integrate upstream controls in our decision making process;
- **An organisation chart** intended to ensure the separation of portfolio management, marketing and control responsibilities;
- Programs to raise staff awareness **regarding problems of conflicts of interest**.

WHAT IS A CONFLICT OF INTEREST?

Broadly, a conflict of interest is likely to arise when a given situation may conflict the interests of a client.

The three categories of potential conflicts are as follow:

- a) **Conflicts involving several clients**, for example should CPR AM give one client preferential treatment compared with another client for the same service;

b) **Conflicts involving clients and CPR AM**, its service providers, sub-contractors or any company related to it through a relationship of control, for example should CPR AM offer a service that would give it a higher return to the detriment of the client interest;

c) **Conflicts involving clients and CPR AM's employees**, for example should employees use confidential information about clients or portfolios managed by CPR AM for the purpose of performing transactions on their own account.

WHAT MEASURES DOES AMUNDI TAKE TO IDENTIFY CONFLICTS OF INTEREST?

CPR AM has implemented specific preventive procedures, including regular reviews of certain activities and transactions.

CPR AM has **mapped** the various possible conflict of interest situations that could arise in the conduct of its activities and that could conflict the interest of a client because the firm or other relevant person:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- Has an interest in the outcome of a service provided to the client or a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- Has a financial or other incentive to favour the interest of another client (or group of clients) over the interest of the client to whom the service is provided;
- Operates the same business activity as the client;
- Receives or will receive from someone other than the client a benefit in connection with the service provided to the client, in any form whatsoever, other than the standard commission or fee for that service.

This map covers:

- Investment management activity (fair and equal treatment of portfolios, transactions between portfolios, pre-allocation of orders, investigation of errors, etc.);
- Direct or indirect remuneration received or paid by CPR AM (transparency of the information given to clients, the choice of market intermediaries, benefits and gifts, etc.);
- The organisation of the management company (separation of functions, staff remuneration arrangements, etc.);
- proprietary trading by the management company, its managers and staff;
- the primacy of the client's interest (equal treatment of orders and holders);
- Independence from third party shareholders or clients in conducting its business activities (selecting service providers, intermediaries and counterparties, investment choices, voting at general meetings, etc.);
- The outside activities of the management company's staff.

Moreover, the risk map is updated periodically, at least once a year, to integrate developments and changes with regard to CPR AM's activities. It is used as a basis to ensure that appropriate organisational arrangements and procedures are in place to prevent and manage potential conflicts of interest, that appropriate controls are performed and that the results are satisfactory.

WHAT MEASURES DOES CPR AM TAKE TO PREVENT AND MANAGE CONFLICTS OF INTEREST?

For each source of possible conflicts of interest, a corresponding **prevention system** has been put in place, as well as the **1st and 2nd level procedures** and controls implemented.

Organisational measures

CPR AM is structured in such a way as to segregate functions that are vulnerable to conflicts of interest, right up to Senior Management level. Fund management, trading, middle-office, valuation (outsourced) and marketing teams are therefore clearly segregated.

Control functions (Risk Management, Compliance) also have a business line at Group level to ensure that they are completely independent, and they monitor the Group's business activities on a continuous basis to make sure that internal control procedures are appropriate.

"Physical" independence (secured access to premises) and security of confidential information and / or insider information held, is also ensured through clearance procedures that limit access on a strictly needs basis only and to remind employees registered on insider or confidentiality lists of their obligations of discretion and abstention with regard to this information.

There is a system for employees to report any potential or actual conflict of interest situations.

Procedures and controls

The key measures and controls put in place by CPR AM for the prevention and management of conflicts of interest are as follows:

- **An internal conflict of interest management policy**, integrated in the internal rules of procedure and the annexed rules of professional ethics, including the instructions that employees must follow in order to identify ,prevent and manage conflicts of interest(procedures governing employees' personal transactions, reporting gifts and benefits received, and reporting outside business activities or executive offices to make sure they are compatible with the employee's activity within CPR AM);
- **Investment restrictions on securities issued by Amundi**; transactions on equities, equity derivatives and other securities giving access to the share capital of Amundi and the debt instruments issued by Amundi (bonds and EMTN), are prohibited to any manager or trader acting within the framework of the managed portfolio management (excluding index fund if Amundi's shares are part of the replicated index) or within the framework of a discretionary mandate given to Amundi except for Negotiable European Commercial Paper and Negotiable European Medium Term Note issued by Amundi. This prohibition also applies to portfolio managers who have received a delegation of financial management. Similarly, managers and analysts cannot provide any advice concerning Amundi's shares
- A method of **remunerating portfolio** managers that avoids the risk of practices that run counter to the client's interests;
- **Strict procedures and rules governing the processing of orders in accordance with the principle of the primacy of the client's interests** (orders placed in the market are pre-allocated and date- and time-stamped, and Amundi will not accept buy or sell orders placed by clients after the centralisation cut-off time).;
- **Strict procedures and rules governing the selection and remuneration of intermediaries**. Market intermediaries are selected in accordance with the principle of ensuring the primacy of the client's interest, including in particular on the basis of "value for money";

- **Appropriate training is given to the staff concerned**, in order to ensure that they are aware of their responsibilities and obligations;
- **Internal committees** (broker, product, risk management, compliance etc.) which fully integrate the ethical aspects in their decisions.

WHAT MEASURES ARE TAKEN TO MANAGE ACTUAL CONFLICT OF INTEREST SITUATIONS?

When a conflict of interest is identified, the Head of Compliance and Internal Control, acting in consultation with the General Management, rapidly takes all appropriate steps necessary to resolve the conflict.

The Compliance Committee, whose permanent members are CPR AM's Chief Executive Officer, Deputy Chief Executive Officer, Head of Compliance and risk and Chief Compliance Officer, is authorized to manage these exceptional situations and take any necessary decisions to inform the client.

When the risk of prejudicing the client's interests cannot be avoided despite the preventive procedures and measures put in place, CPR AM informs the client of the general nature and source of the conflict of interest before acting so that the client can take an informed decision regarding provision of the investment service.

Any service provided by or activity carried on by CPR AM that gives rise to or may give rise to a conflict of interest involving a significant risk of adversely affecting the interest of one or more clients must be recorded on the register of potential or identified conflicts of interest, kept, under the responsibility of the Head of Compliance and Internal Control.