

## AMUNDI POLICY FOR PREVENTION AND MANAGEMENT OF CONFLICTS OF INTEREST

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

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

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

### 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 Amundi give one client preferential treatment compared with another client for the same service;
- b) **Conflicts involving clients and Amundi, its service providers, sub-contractors or any company related to it through a relationship of control**, for example should Amundi offer a service that would give it a higher return to the detriment of the client interest;
- c) **Conflicts involving clients and Amundi's employees**, for example should employees use confidential information about clients or portfolios managed by Amundi for the purpose of performing transactions on their own account.

### WHAT MEASURES DOES AMUNDI TAKE TO IDENTIFY CONFLICTS OF INTEREST?

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

For this purpose, and as required under the prevailing regulations, Amundi has mapped the various possible conflicts 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 report is updated regularly and at least once a year to incorporate developments and changes in Amundi's business 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.

The report covers:

- Investment management (fair and equal treatment of portfolios, transfers between portfolios, pre-allocation of orders, etc.);
- Direct and indirect fees received by Amundi (transparency of information and fees, etc.);
- Amundi's organisation structure (segregation of functions and activities, staff compensation and code of conduct);
- 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.);
- Amundi proprietary trading and employee personal account dealing.

## WHAT MEASURES DOES AMUNDI TAKE TO PREVENT AND MANAGE CONFLICTS OF INTEREST?

### Organisational measures

Amundi 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 (Compliance, Risk Management) 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 held, is also ensured through clearance procedures that limit access on a strictly needs basis only.

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

### Procedures and control

The key measures and controls implemented by Amundi to prevent and manage conflicts of interest are as follows:

- An **internal policy for managing conflicts of interest** which includes instructions employees has to comply with in order to identify, prevent and manage conflicts of interest.

The internal regulations and their code of ethics appendices, together with the many specific application procedures, provide a framework for controlling the risk that Amundi staff might benefit from information held at the clients' expense or act on interests that could conflict the interest of the client. They include 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 Amundi.

- **Strict procedures and rules governing the handling of orders and primacy of the client interest**

Amundi complies strictly with the operating rules of the financial markets in which it operates and does not allow certain orders to be given preferential treatment.

More specifically, 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 always selected in the best interests of the clients. Amundi selects its intermediaries primarily on the basis of an analysis of the quality/price relationship carried out by a dedicated committee whose members include traders, fund managers and analysts, as well as compliance, risk management and middle office representatives.

- **Internal committees** (broker/dealer, products, risk management, compliance, audit, compensation), which take full account of ethical considerations in their decisions
- **Appropriate training of relevant employees** to ensure that they are fully aware of their responsibilities and obligations.

Moreover, since Amundi's IPO, 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 issued by Amundi) 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 Amundi portfolio managers who have received a delegation of financial management. Similarly, managers and analysts can't provide any advice concerning Amundi's shares.

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

There may be some complex or specific cases where Amundi believes that its organisational and administrative arrangements are not sufficient to guarantee, with reasonable certainty, that the risk of harming the client interest will be prevented. In these cases, Amundi will clearly inform 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.

The Compliance Committee, whose permanent members are Amundi's deputy Chief Executive Officer in charge of Management and Control, Compliance Officer and Risk Officer, is authorised to manage these exceptional situations and take any necessary decisions to inform the client.

Any service provided by or activity carried on by Amundi 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 conflicts of interest register kept by Amundi.