Ostrum ASSET MANAGEMENT

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POLICY FOR THE PREVENTION, DETECTION AND MANAGEMENT OF CONFLICTS OF INTEREST

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Un affilié de NATIXIS INVESTMENT MANAGERS

Principales références règlementaires

Références législatives

- Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 (Article 31)
- Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 (Article 34)
- Monetary and Financial Code Article L 533-10 §3

Références réglementaires

- General regulations of the AMF: articles 318-12 to 318-14; articles 319-3, 319-10, 319-22; articles 321-46 to 321-50
- Position - AMF recommendation - DOC-2012-19, Programme of operations guide for asset management companies and self-managed collective investments (section 3.2.9)

Normes professionnelles

- AFG Code of ethics for collective investment schemes and individual investment management mandate: Provisions 1 to 17 and 70 to 85 and Recommendations 1 to 9
- AFG Vademecum on the identification of conflicts of interest
- 2017 AFG Guide to the Governance of Management Companies

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1. SCOPE OF THE POLICY

1.1. DEFINITIONS

Interest

- For purposes of this Policy, an **interest** is an advantage of any kind, financial, professional, commercial, or personal.

Conflict of interest

- A conflict of interest is defined as a situation in which Ostrum AM or one of its employees or management delegates carries out activities the performance of which, if the organisation put in place is not appropriate, may be detrimental to the client's interests. If the behaviour of an Ostrum AM employee or one of its management delegates, in the conduct of the client's business, is contrary to that dictated by respect for the client's interests, there may be a conflict of interest.

A Conflict of Interests may be actual or potential.

Actual conflict of interest (ongoing)

- This is a situation in which, in the course of Ostrum AM's activities or in any circumstances involving Ostrum AM's stakeholders, all the conditions are met to generate a conflict of interest. The analysis of the conflicts of interest, taking into account the facts and documents relating to this situation, concludes that the conflict of interest is ongoing.

Potential Conflicts of Interest

- This is a situation in which, in the course of Ostrum AM's activities or in any circumstances involving Ostrum AM's stakeholders, all the conditions are met to generate a conflict of interest. The analysis of conflicts of interest takes into account the facts and documents relating to this situation. It concludes that the conflict of interest has not yet been realized and remains potential. Depending on how the situation develops, the conflict may become actual or remain potential.

Various regulatory provisions require conflicts of interest to be avoided or managed. Where applicable, it may be necessary or mandatory to disclose the existence of such a conflict to the customer.

1.2. CATEGORIES OF CONFLICTS OF INTEREST

Transactional Conflicts of Interest

- In this case, the situation of conflict of interest is characterised by the fact that a natural or a legal person is, in the course of the business conduct at Ostrum AM, having different interests that could lead him or her to favour one of his or her interests to the detriment of the clients of Ostrum AM could lead him or her to favour one of its interests to the detriment of Ostrum AM clients or of an entity of the group to which Ostrum AM belongs, and undermine the independence, loyalty, impartiality and objectivity expected of such persons in the conduct of their personal or professional activities.

Personal Conflicts of Interest

A situation in which a natural person's[1] duties in a company interfere with his or her personal interest, and may undermine the independence, loyalty, impartiality and objectivity expected of this person in the conduct of his or her professional activities within the company.

1.3. CONTEXT

Conflicts of interest are a crucial and important issue for financial institutions, including asset management companies. Conflicts are likely to be present in several types of business relationships and could create financial, regulatory and/or reputational risk.

[1] In particular employees (including temporary contracts, trainees, apprentices and work-study students), members of the management committee and members of the Board of Directors.

2. DETAILED DESCRIPTION

In accordance with the General Regulation of the Autorité des Marchés Financiers (French financial markets regulator - AMF), Ostrum Asset Management has taken all reasonable steps to enable it to identify potential conflicts of interest arising in the course of its business as an asset manager on behalf of third parties:

• Either between itself, the persons involved or any other person directly or indirectly related to it through a relationship of control on the one hand, and the collective investment undertakings it manages (the Funds) or its Clients, on the other hand;

• Either between two Funds or Clients;

• Either in the ancillary provision of services, between itself, the persons involved or any other person directly or indirectly linked to it through a relationship of control on the one hand, and Clients of this service on the other hand.

To this end, the Compliance Department at Ostrum Asset Management has drawn up a document mapping conflicts of interest, outlining situations that may give rise to a conflict of interest that could be detrimental to the interests of one or more Funds or Clients when providing an investment service or ancillary service, when managing a collective investment undertaking or on an ancillary basis when providing other services.

Preventing conflicts of interest requires, in particular:

• Staff information and the implementation of controls and checks,

• Information barriers. An information barrier is a procedure or an organisational structures whose purpose is to prevent the improper flow of confidential or insider information. These barriers must provide in particular for the material organisation leading to the physical separation of activities that could generate conflicts of interest. The activities concerned are those that are sources of confidential or insider information, and those that may give rise to conflicts of interest with each other,

• Procedures, including procedures for executing orders,

• A code of ethics specifying the fundamental guidelines that staff must follow when carrying out their professional duties, and setting out the rules governing personal transactions,

• The existence of procedures relating to "the fight against corruption" and "gifts and benefits",

• A compensation policy that sets out the method for calculating and paying variable compensation so as not to encourage risk-taking that may be detrimental to the interests of funds and clients,

• A policy on the exercise of voting rights, which sets a framework for the voting process and ensures it is conducted solely in the interest of unitholders,

• Mandatory training programmes for employees involved in third-party asset management activities,

• In terms of sustainable investment, Ostrum Asset Management has implemented prevention and supervision measures based in particular on the identification of potential conflicts of interest,

• Concerning Ostrum Asset Management's relations with companies within its group, Ostrum Asset Management has put in place internal rules and procedures that ensure the primacy of client interests.

To manage and resolve conflicts of interest:

• Employees must report any relevant information to the Ostrum Asset Management Compliance Department,

• Before acting on their behalf, clear information must be provided by Ostrum Asset Management to Fund investors and Clients as to the general nature or the source of conflicts of interest when the measures taken to prevent conflicts of interest are not sufficient to ensure, with reasonable certainty, that the risk of harming their interests will be avoided. This information must include sufficient details and be tailored to each type of client to ensure the latter to make an informed decision as to the service provided where the conflict of interest may arise,

• Additional or replacement measures must be taken if necessary.

The implementation of information barriers may stand in contradiction with the necessary development of synergies between certain business lines within multi-capacity financial groups.
Prior authorisation must be therefore requested to Ostrum Asset Management's Chief Compliance Officer if confidential information must be disclosed to other staff in the department, to another department or to another firm for the purposes of completing a business transaction.

In certain complex or specific circumstances, organisational and administrative provisions may be insufficient to ensure, with reasonable certainty, the risk of harming the Clients' interests. In this case, Ostrum Asset Management will inform clients of the type and source of these conflicts of interest in a clear and appropriate manner so that they may make an informed decision.

Ostrum Asset Management keeps a record of all departments or businesses where there has been or where they may be a conflict of interest with a significant risk of detriment to the interests of one or several funds or clients.

The policies instituted by Ostrum Asset Management are reviewed regularly. The procedures are updated to take account of regulatory and organisational changes and the mapping document of conflicts of interest is updated at least once a year.

This policy document on preventing, identifying and managing conflicts of interest is available on Ostrum Asset Management's website at the following address:
https://www.ostrum.com/en/statutory-documents

The document is also available on request from the Client Experience by email at contact@ostrum.com or by postal mail at Ostrum Asset Management - Direction du Développement, 43, avenue Pierre Mendès-France, 75013 Paris.

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Ostrum Asset Management
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