

# POLICY FOR THE PREVENTION AND MANAGEMENT OF CONFLICTS OF INTERESTS

## PRINCIPLES

Primacy of the client's interests is one of the foundations of Natixis' ethics and deontology.

It is also one of the structuring principles of Natixis' activities and this is reflected in Natixis' policy for the prevention and the management of conflicts of interests applicable to Natixis' entities. This specific policy enables Natixis to prevent and manage conflicts of interests which may arise when providing investment services or ancillary services, or a combination of both services, to one or more clients.

A conflict of interest arises where the interests of Natixis or its affiliates (or of their relevant personnel) conflict with those of a client, or the interests of a client conflict with those of another client.

Within a financial and multi-capacity institution such as Natixis, conflicts of interests may arise in various situations. For example, the following conflicts of interests may arise when Natixis provides investment services:

- Natixis may be led to execute activities on behalf of a client whereas another client is active at the same time on the market(s) concerned.
- Natixis may be led to provide investment advice to its clients and may also recommend or sell products it has issued.
- Natixis may acquire interests in primary market transactions for which it acts as an arranger or a bookrunner.
- Natixis may be led to conduct investment research in relation with entities or groups it advises.
- Sellers/Sales staff members may be incited to offer products oriented around trading strategies which may decrease Natixis' risk exposure given these products may be more beneficial to the client's interests.

**The system for preventing and managing conflicts of interest developed by Natixis consists in implementing organizational measures and administrative procedures for handling and controlling transactions which aim at:**

- detecting situations which result in or which may lead to a conflict of interest;
- preventing conflicts of interests;
- establishing and maintaining an appropriate policy for managing conflicts of interests;
- maintaining and updating a register of the activities for which conflicts of interest have arisen or are susceptible to arise;
- informing clients in relation to any specific transaction, where the measures implemented do not provide a reasonable degree of certainty that the risk of a conflict of interest leading to a client's interests being adversely affected will be avoided.

This policy takes into account that Natixis is affiliated to the BPCE Group in order to prevent potential conflicts of interests which might bring into opposition the interests of Natixis' clients with the interests of BPCE's clients.

## PREVENTIVE MEASURES

Natixis ensures that its managers and staff comply with applicable professional obligations and regulatory provisions. The "compliance" function has to make sure employees comply with them.

In this context, structures, systems and procedures have been put in place to prevent and manage actual and potential conflicts of interest, and in particular:

- a hierarchic, physical and logical segregation of activities where there may be a conflict of interests (for example, between a team which provides M&A advice to a client and another which is the arranger for the debt financing of a client competing for the acquisition of the same target) which aims at preventing any undue disclosure of confidential information;
- transparency with regard to the external activities (functions, corporate offices, interests) of employees considered as relevant persons within the meaning of the AMF General Regulation, as well as with regard to corporate offices held within Natixis Intégrée;
- an ethical code which includes an obligation of discretion and confidentiality with regard to any information related to clients, aimed at ensuring fair and equitable treatment of its clients;
- the supervision and control of payments received or made by Natixis with regard to transactions carried out with clients;
- the commitment of external service providers to monitor personal transactions of their employees when these service providers operates in sensitive domains;
- transparency with regard to gifts or benefits received or arising from professional activities;
- a "control room" for detecting conflicts and potential conflicts of interests, where investment services or activities considered as sensitive or giving rise to a potentially prejudicial conflict of interests are recorded;
- identification of situations of conflicts of interests in mappings;
- regular training sessions for the relevant employees to raise employee awareness of risks, regulatory developments and compliance rules.

## CONFLICT OF INTEREST MANAGEMENT SYSTEM

When a conflict of interests materializes, Natixis tries to resolve it as soon as possible and makes sure that appropriate steps are taken. The system includes the Conflict of Interest Management Committee which analyzes and approves, as a last resort, any submitted subject concerning conflicts of interests which have not been resolved.

In the event that, despite the precautions taken, a conflict or potential conflict of interests which may adversely affect the clients' interests cannot be avoided, Natixis' procedures stipulate that measures appropriate for each situation must be implemented by the management of the relevant entity, under the supervision of and with the assistance of the "compliance" function. For example, Natixis may implement temporary barriers (separate and distinct teams) which allow restricting information circulation within each team.

If it nonetheless appears that the measures implemented are not sufficient for avoiding with reasonable certainty the risk of adversely affecting the interests of one of its clients, Natixis will inform its client and provide sufficient information and details of the general nature or source of the conflict of interests, prior to acting on its behalf, so that the client can make an informed decision.

## CONTROL MEASURES

Natixis implemented a control system to ensure, on the one hand, compliance with the procedures aimed at preventing conflicts of interest and, on the other hand, detection of conflicts of interests that may arise, notwithstanding the preventive measures in place and aiming at solving them fairly and equitably.

From that perspective, the departments responsible for ensuring compliance with:

- o procedures for the detection and the management of situations that may generate conflicts of interests. E.g. Corporate Broking activities (which cover the management of liquidity contracts and share buyback programs at the request of corporate clients), according to the information barrier principles, the information flow between the operators in contact with the client and dealers in charge of market transactions is restricted, within this specific activity, through the implementation of a physical separation and dedicated controls;
- o restrictions on inside information circulation using "watch lists" which inventory issuers on which Natixis holds potentially inside information;
- o restrictions on proprietary trading activities and activities on account of third parties which appear on the restricted list;
- o particular provisions governing transactions in securities carried out by employees whose positions or functions are considered sensitive;
- o the effectiveness of the tool for detecting conflicts or potential conflicts of interest.

The present policy complies namely with the requirements of the AMF General Regulation and the Volcker rule.

## ADDITIONAL INFORMATION

All additional information on this policy for preventing and managing conflicts of interest may be obtained by sending a written request to the Compliance Department of each Natixis' entities concerned.

\* \* \*  
\* \*  
\*