

## SUMMARY OF NATIXIS SA's MANAGEMENT OF CONFLICTS OF INTERESTS POLICY

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### PRESENTATION

Natixis SA, a regulated financial institution, subsidiary of the BPCE group, is an investment services provider. Natixis is likely to face conflict of interest situations that may arise when providing investment services, ancillary services and granting of credits, loans, guarantees or a combination of these services to one or more of its clients.

Natixis has developed a conflict of interests management policy around three pillars: prevention, detection and management of conflicts of interests.

The conflicts of interests management policy driving forces are:

- Priority of the clients' interests and the equal treatment of clients,
- Honesty, loyalty and professionalism,
- Respect for market integrity.

Natixis' policy regarding the management of conflicts of interest that may arise in the exercise of its activities is summarized in this document. If requested by a client, additional information regarding this policy will be provided.

### DEFINITION OF CONFLICTS OF INTEREST

A conflict of interests is defined as a situation in which the interests of two persons (natural or legal) are opposed, directly or indirectly.

A conflict of interests might potentially arise between:

- Natixis and its clients ;
- several Natixis clients ;
- a Natixis employee and a client.

To characterize the existence of a conflict of interests, it is important to assess whether Natixis, a Natixis employee or a person directly or indirectly related to Natixis through a controlling relationship:

- is likely to make a financial gain or avoid a financial loss, at the expense of the client ;
- has an interest in the result of a service provided to the client or a transaction carried out on behalf of the client, which is different from the interest of the client in this result ;

- is encouraged, for financial or other reasons, to prioritize the interests of another client or group of clients over those of the client concerned ;
- has the same business as the client ;
- receives or will receive from a person which isn't the client an incentive in connection with the service provided to the client, in the form of monetary or non-monetary services or benefits.

## PREVENTION OF CONFLICTS OF INTERESTS

The conflicts of interests prevention mechanism includes several organizational and administrative provisions that allow the identification of conflicts of interests:

- **policies and procedures related to professional ethics**, which mainly include the declaration of outside business interests, the declaration of gifts and entertainment and the supervision of personal account dealings;
- a **remuneration policy** that particularly processes the following aspects:
  - transparency: the client is informed about the existence of any remuneration or benefit paid to or received from third parties other than the client. Any remuneration or benefit is acceptable only if its aim is to improve the quality of the investment service offered and does not adversely affect the obligation to act honestly, fairly and professionally in the best interests of the client;
  - lack of incentives against the interests of clients: employees who are directly or indirectly linked to investment services do not benefit from any remuneration that may cause them to fail to act in the interest of the client;
- a **mapping of potential conflicts of interests** to ensure the existence of an adequate risk prevention system, in connection with the mapping of the non-compliance risks and depending on the types of investment or ancillary services that may affect the interests of the client. This mapping is regularly updated;
- **organizational or administrative schemes** aimed at preserving the degree of independence required for employees, in the performance of their duties, in particular with a view to:
  - prevent or control the exchange of information within Natixis;
  - appropriately organize reporting lines;
  - prevent or limit the exercise by any person of an inappropriate influence on how an employee has to provide a service;
  - prevent or control the simultaneous or consecutive participation of an employee in several distinct services or activities, when such participation could adversely affect the proper management of conflicts of interests;
- **Ad hoc procedures** to manage potential conflicts of interests in investment research, underwriting or placement, the issuing of financial instruments, or advice, distribution and self-placement.

## DETECTION OF CONFLICTS OF INTERESTS

The detection of conflicts of interests is under the responsibility of the business lines and the Compliance department. It may include:

- strategic / business committees,
- monitoring of ongoing operations and potential transactions by each business line, or
- recording of sensitive transactions in a tool helping to identify and manage of conflicts of interests, which specifies, where appropriate, the provisions and measures put in place.

## MANAGEMENT OF CONFLICTS OF INTERESTS

Where preventive measures do not allow to avoid any significant risk of infringement of the interests of one or several clients, measures to manage the conflict of interests are put in place and adapted according to the level of risk incurred by the client(s), in particular by means of organizational or administrative arrangements aimed at preserving the required degree of independence of employees in the performance of their duties.

In order to manage certain types of conflicts of interests, particularly to take into account the regulatory, legal or contractual constraints applicable to Natixis or the possibility of significant infringement to its clients' interests, the Compliance department may place financial instruments on the restricted list, which may prohibit some employees from intervening on behalf of Natixis on the concerned instruments, to disclose investment recommendations on the concerned financial instruments or, in some cases, to carry out personal account dealings on said instruments.

In certain cases, Natixis may decide on its own to not proceed with one of the legs of the conflict of interests in order to protect the interests of the concerned clients.

Where the measures made to manage a conflict of interests are not sufficient to ensure, with reasonable certainty, that the risk to adversely affect the clients' interests will be avoided, Natixis clearly informs the client, of the general nature and/or source of these conflicts of interests, as well as the measures taken to alleviate such risks. This information is provided before acting on behalf of the client to enable them to make an informed decision about the investment or ancillary service provided.

## PERMANENT CONTROL SCHEME

Natixis has established a permanent control scheme which ensures compliance with the prevention and management of conflicts of interests, and consequently the protection of clients' interests, honesty, loyalty and employees' impartiality.

When the control of conflict of interest mechanisms reveals dysfunctions, an action plan and corrective measures are taken, and a follow-up of these measures is ensured.

At least once a year, the Compliance department informs the governing bodies about the effectiveness and the monitoring of the prevention and management of conflicts of interests.

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