

Conflict of Interest Policy Summary

January 2018

REQUIREMENT

BNP Paribas Asset Management ("BNPP AM") must take all appropriate steps to identify conflicts of interest between itself, its managers and employees or any person directly or indirectly linked to them by control ("relevant person"), and a client or between one client and another.

DEFINITION OF A CONFLICT

In identifying conflicts that may arise and whose existence may entail a material risk of damage to the interests of a client, BNPP AM must take into account whether it or a 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 the service provided to the client or of 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 interests of the client;
- ▶ carries on the same business as the client; or
- ▶ receives or will receive from a person other than the client an inducement in relation to the service provided to the client other than the standard commission or fee for that service.

IDENTIFICATION OF CONFLICTS OF INTEREST

All employees are required to identify any potential conflict of interest and report it to their manager and to Compliance.

The following is a non-exhaustive list of typical examples of situations where conflicts may arise:

BNPP AM VS. CLIENT CONFLICTS

- ▶ Where BNPP AM places orders with affiliated broker dealers;

- ▶ Where BNPP AM allocates the cost of errors to clients'/funds' accounts instead of BNPP AM;
- ▶ Where BNPP AM recommends an investment product to a client which may not be the most suitable solution for the client

Policies on the selection/use of brokers, on errors' handling and on suitability of products have been implemented to address these potential conflicts.

BNPP AM EMPLOYEE VS. CLIENT CONFLICTS

Where gifts and entertainment (including non-monetary gifts) are received that may influence behaviour in a way that conflicts with the interests of BNPP AM's clients;

- ▶ Where a BNPP AM employee engages in personal account dealing in respect of securities and BNPP AM has a client or fund with an interest that potentially conflicts with such dealing;
- ▶ Where a BNPP AM employee has outside business interests that conflict with the interests of BNPP AM's clients.

Policies on Personal Account Dealing and Outside Business Interests and Gifts have been implemented to address these potential conflicts.

CLIENT VS. CLIENT CONFLICTS

- ▶ Where BNPP AM allocates executed orders, carried out on behalf of more than one client/fund, in such a way that may result in a disadvantage to one or more clients/funds;

Policies on best execution, aggregation and fair allocation of orders have been implemented to address these potential conflicts.



BNP PARIBAS
ASSET MANAGEMENT

MANAGEMENT OF CONFLICTS

BNPP AM has implemented an organisational structure and a number of procedures so as to ensure that conflicts of interest are prevented from giving rise to a material risk of damage to the interests of its clients.

DISCLOSURE OF CONFLICTS

In the event that a conflict of interest arises where the implemented policies and procedures are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, BNPP AM must clearly disclose the general nature and sources of the conflict to the client before undertaking business for the client. Such disclosure must be made in a durable medium and include sufficient detail to enable the client to make an informed decision with respect to the service in the context of which the conflict of interest arises. The form of any such disclosure must be approved by Compliance.

Under BNPP AM's policy over-reliance on disclosure without adequate consideration as to how conflicts may be managed appropriately is not permitted.

CHINESE WALLS

BNPP AM is appropriately segregated from other businesses within BNP Paribas Group. BNPP AM utilises ring fenced IT systems for the conduct of its business. Decisions taken within BNPP AM must be taken in the interests of its clients only even if such decisions may be detrimental to, or conflict with, the interests of a client of some other business area or a proprietary interest of BNP Paribas. Staff working for BNPP AM must remain independent and neutral in the performance of their duties and responsibilities.

The governance arrangements for the asset management activities of BNP Paribas Asset Management also functions on an independent basis to the BNP Paribas group. This includes BNPP AM's hierarchical reporting line which is separate to those of other BNP Paribas businesses and converges only at the level of the Executive Management Committee of BNP Paribas Group.

PRIMACY OF CLIENTS' INTEREST

All employees are bound by the Code of Conduct of BNP Paribas Group, which imposes obligations to work in clients' best interests by:

- ▶ **providing clients with the most suitable products and services**, with regard to their aims, resources, knowledge and experience;

- ▶ **giving clients clear, honest and non-misleading information and, if so requested, an opinion**, in particular relating to expected performance, associated risks and pricing;
- ▶ **provide quality service** that preserves the client's best interests;
- ▶ **treating clients fairly**, without giving any client (or other counterparty) unduly preferential treatment;
- ▶ **behave transparently**, notably by making available, at the client's request, any information relating to the execution of its transactions.

Senior Management of BNPP AM has embedded a culture throughout the Business Line where clients' interests must be given priority such that no client will be disadvantaged.

CONFLICTS REGISTER

A mapping exercise to identify potential conflicts of interest is conducted periodically by the BNPP Group, the results of which have been used to create a Conflicts Register for BNPP AM which is maintained by Compliance. This Register contains details of actual or potential conflicts that may arise between BNPP AM and its clients (or between clients of BNPP AM) and is an essential tool for the management of actual or potential conflicts of interest. It is the responsibility of each employee to ensure that Compliance is notified immediately of any actual or potential conflict so that it is:

- ▶ managed appropriately; and
- ▶ recorded in the Register.

EMPLOYEE AWARENESS

Employees are reminded of applicable policies and procedures during training sessions and by the frequent distribution of relevant regulatory actions. In addition there is a requirement to review/update the procedures in place (including those relating to conflicts management) as the need occurs and as a matter of policy

SENIOR MANAGEMENT

Senior management must receive on a frequent basis – and at least annually – written reports on the situations contained in the conflicts of interest records. Moreover, senior managers must take appropriate steps in their oversight of the business and are required to demonstrate their accountability: this must also include conflicts of interest management.

