

# POLICY FOR IDENTIFYING, PREVENTING AND MANAGING CONFLICTS OF INTERESTS

## CANDRIAM

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# POLICY FOR IDENTIFYING, PREVENTING AND MANAGING CONFLICTS OF INTERESTS

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## 1 OBJECTIVES

This document outlines Candriam policy governing the identification, prevention and management of conflicts of interest (COI) that could possibly arise between Candriam and its clients or counterparties. Candriam could actually find itself in a situation in which one client's interests may conflict with another's, or with Candriam interests or with the interests of one or more members of staff of Candriam.

This policy obliges Candriam to take all reasonable steps to help it detect any COI situations that may arise when rendering investment or related services, or in its management, and to take the appropriate measures should such situations occur.

## 2 “CONFLICTS OF INTERESTS” (COI): DEFINITION

The smooth running of Candriam's day-to-day operations demands the strict implementation of a COI policy. "Conflict-of-interest" is a situation whereby the management company (or one of its staff) has an interest of a material, professional, commercial or financial nature that clashes with the interest of one or more clients or counterparties that should take precedence.

This definition encompasses, in particular, situations in which there exists a conflict between the interests of the management company, persons directly or indirectly linked to the company and the obligation linking the management company to the client and/or the fund; or between the diverging interests of (at least) two of its clients and/or funds, to whom/which the management company also has obligations.

The European directives and certain national provisions oblige management companies to organise their internal structure in such a way as to avoid conflicts of interest; this involves, in particular:

- identifying and preventing conflicts of interest;
- managing conflicts of interest;
- drafting, implementing and maintaining an effective conflict-of-interest management policy;
- keeping a register of potential conflict-of-interest situations;
- informing clients of conflicts of interest not "managed"/manageable by Candriam.

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## 3 CANDRIAM INVESTOR GROUP'S ACTIVITIES

Candriam has, generally speaking, structured its internal organisation in such a way as to meet the obligations imposed upon it by European and national regulations.

### 3.1 Candriam activities

Candriam's main activities are:

- Investment fund management;
- Individual portfolio management (mandate management);
- Fund distribution either by internal or external Candriam channels and/or by the channels of the group to which it belongs.

### 3.2 Conflict-of-interest situations and classification

The COI situations are listed in the register of potential conflict-of-interest situations, which also outlines the principle means of managing them, the departments responsible for controlling them, and the existing controls that ensure that these measures are respected.

The most likely conflicts of interest can be grouped under the following categories:

- The firm or management company or one of the persons from that firm/company or a person directly or indirectly linked to the manager by control and likely to benefit financially or avoid a financial loss at the client or fund's expense;
- The firm or management company or one of the persons from that firm/company or a person directly or indirectly linked to the manager by control and that has an interest in the result of a service rendered to the client/fund or another client or in an activity exercised on their behalf, or in a transaction enacted on behalf of the client/ fund or any other client the result of which conflicts with the interest of the client/fund;
- The firm or management company or one of the persons from that firm/company or a person directly or indirectly linked to the manager by control is encouraged, for financial or other reasons, to prioritise

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the interests of another client or group of clients rather than the interests of the client /fund in question;

- The management company or one of the persons from that company or a person directly or indirectly linked to the manager by control exercises the same activities for both the fund and for one or more clients that are not Funds;
- The management company or one of the persons from that company or a person directly or indirectly linked to the manager by control receives, or will receive, from a person other than the fund, a benefit related to the collective portfolio management activities exercised on behalf of the fund, in the form of money, goods or services, excluding the fees or expenses usually invoiced for the service.

### **3.3 Identifying and preventing conflict-of-interest risks**

Each Candriam department is responsible for detecting and preventing the COI inherent to its particular activity. Each conflict of interest must be disclosed without delay to the Deputy Global Head of Compliance. In order to ensure that all situation of COI has been identified, Compliance send annually to all Candriam employees a questionnaire.

This questionnaire aims to identify the COI that each employee could face and that could have an impact on their day to day activity at Candriam.

Any potential COI identified are consolidated by Compliance in a "Potential conflict-of-interest situations" register, where they are listed by category.

The final decision regarding the inclusion in or exclusion from the "Potential conflict-of-interest situations" register is taken by the Global Head of Legal and Compliance. This COI policy, including the register of potential COI situations are updated when necessary and (re)approved at least on an annual basis in the Corporate Compliance Committee. For identifying the risks arising from conflict-of-interest situations Candriam employees are regularly trained.

## **4 MANAGING CONFLICT OF INTEREST RISKS**

To manage these potential COI situations, Candriam has implemented a series of structural and ad hoc measures for the processing of specific conflict of interest situations. Compliance, for its part, is responsible

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for monitoring and controlling their implementation, application and effectiveness.

Should Candriam fail to manage a specific conflict of interest, it will inform investors in a durable material, in compliance with the applicable regulations. In the monitoring of COI, Compliance takes into account the COI that has been disclosed to the Deputy Global Head Compliance but also the answers provided in the COI questionnaire.