



# **SUMMARY OF NATIXIS SA's GLOBAL 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 SA 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 SA has developed a conflict of interest management policy around three pillars: identification, prevention and management of conflicts of interest.

The conflict of interest management policy driving principles are:

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

Natixis SA' global policy regarding the management of conflicts of interest that may arise in the exercise of its activities is summarised 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 situation is defined as a situation in which natural or legal persons find themselves, in connection with their personal or professional activities, involved in a number of different interests that could cause them to act in a manner beneficial to one of said interests to the detriment of the others (in particular those of clients) and jeopardize the independence, loyalty, impartiality and objectivity expected of such persons in the conduct of their personal or professional activities.

A conflict of interests might potentially arise between:

- Natixis SA (including its directors, employees and tied agents, or any person directly or indirectly related to it by a control relationship) and its clients;
- several Natixis SA clients;
- a Natixis SA employee and a client;
- a Natixis SA subsidiary and a Natixis SA client.

## IDENTIFICATION OF CONFLICTS OF INTEREST

To characterise the existence of a conflict of interest, it is important to assess whether Natixis SA, a Natixis SA employee or a person directly or indirectly related to Natixis SA 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 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;
- has the **same business as the client**;
- receives or will receive from **a person other than the client an inducement** in connection with the service provided to the client, in the form of monetary or non-monetary services or benefits.

In line with the European Union's regulatory requirements, Natixis SA takes all appropriate measures aimed at **identifying and avoiding or managing conflicts of interest** that may occur when providing any banking or investment service and/or any ancillary service (within the definition of MiFID II) or a combination of these services<sup>1</sup>.

**In addition**, when identifying the types of conflicts of interest that may arise **in the course of providing in investment advice and portfolio management services**<sup>2</sup>, and whose existence may damage the interests of a client or potential client, **Natixis SA should include the conflicts of interest stemming from the integration of the client's sustainability preferences**.

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.

## PREVENTION OF CONFLICTS OF INTERESTS

The conflicts of interest prevention mechanism includes several organisational and administrative provisions:

- **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;
  - the way in which Natixis SA adapts its policy to address sustainability-related risks.

<sup>1</sup> Articles 16(3) and 23(1) of Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 concerning markets in financial instruments ("MiFID II").

<sup>2</sup> Natixis SA's position taken on the basis of the AMAFI note (AMAFI / TC / CLD / MLR / 22/06/2022) relative to the scope of application of MiFID II ESG provisions on conflicts of interest

- a **list of possible conflicts of interests** identifying the situations that are likely to give rise to, a conflict of interest. It serves 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 list is regularly updated;
- a conflict of interest register in which are recorded all conflicts of interest that have arisen or are likely to arise in connection with an ongoing service or activity;
- **organisational and administrative frameworks** aimed at preserving the degree of independence required of employees, in the performance of their duties, in particular with a view to:
  - prevent or control the exchange of information within Natixis SA;
  - appropriately organise reporting lines (segregation of duties and functions);
  - 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 interest;
- **Ad hoc procedures** to manage potential conflicts of interests in investment research or market communications, underwriting or placement, the issuing of financial instruments, or advice, distribution and self-placement.

## MANAGEMENT OF CONFLICTS OF INTEREST AND CLIENT INFORMATION

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 organisational 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 SA 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 SA 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 SA may decide on its own** to refuse to carry out a transaction that generates a conflict of interest 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 SA **clearly informs the client**, of the general nature and/or source of these conflicts of interest, 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 FRAMEWORK

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

The Natixis SA permanent control framework is composed of three lines of defence.

1. The controls performed by operational staff and their business line managers constitute the first level of control.

2. The controls performed by the Compliance Department's Control function constitute the second level of control.
3. The controls performed by General Inspection/Internal Audit constitute the last level of control.

When the control of conflicts 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 interest.

### **EMPLOYEE TRAINING**

All Natixis SA employees receive training on the internal conflict of interest management rules. This training may take several forms such as face-to-face training and e-learning.

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