

# BNPP AM UK CONFLICTS OF INTEREST POLICY SUMMARY

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**BNP PARIBAS**  
**ASSET MANAGEMENT**

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# 1. INTRODUCTION

## 1.1. BACKGROUND

References to BNP Paribas AM ("BNPP AM") in this document relate to the following FCA regulated entities:

- AXA Investment Managers UK Limited
- AXA Investment Managers GS Limited

BNPP AM are committed to identifying, with reference to the specific investment services and activities and ancillary services carried out by or on behalf of BNPP AM, the circumstances which constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of BNPP AM's clients. Equally, in response, BNPP AM will take all reasonable steps designed to prevent such conflicts from adversely affecting the interests of its clients.

BNPP AM will identify and record all conflicts of interest, wherever possible, examples of which may include between:

- BNPP AM (including its directors, managers, employees and appointed representatives, or any person directly or indirectly linked to them by control) and a client of BNPP AM;
- One client and another client;
- Investors in a collective investment vehicle managed by the BNPP AM (Client Fund) and another client;
- Investors in one Client Fund and investors in a different Client Fund;
- Investors in a Client Fund and BNPP AM;
- Different investor types within the same Client Fund (e.g. in different share classes);
- The Firms and a related company: one of its delegates or sub-delegates, a service provider or another entity of the Group (BNPP AM, an introducer or any commercial intermediary);
- The Workers and the Firm (outside business interests/material shareholding);
- The Firms workers and a person directly or indirectly linked to the Firms workers (e.g. a partner of a fund manager employed by a company the Firms is invested in or the Firms could invest in; and
- The Firms, Workers and a portfolio company / investments.

BNPP AM has an obligation to establish, implement and maintain an effective conflicts of interest policy. As part of a group of companies, the policy takes into account any circumstances, of which BNPP AM is or should be aware, which may give rise to a conflict of interest arising as a result of the structure and business activities of other members of the group.

## 1.2. PURPOSE

The purpose of this document is to set out BNPP AM's Conflicts of Interest Policy. In many cases, BNPP AM will operate additional procedures that will be described in other policy documents and in business line operating procedures documents, in order to implement the Conflicts of Interest Policy at a detailed level.

# 2. Identification of conflicts of interests

## 2.1. IDENTIFYING

Procedures for identifying conflicts operate at two key levels:

1. It is the responsibility of all Employees in all business lines to be aware of the potential for conflicts of interest to arise within BNPP AM's operations. They receive training to create awareness of conflicts and of BNPP AM's responsibilities, as its clients' agent, to manage conflicts appropriately. Where they believe they may have identified a conflict, Employees are required to report details to both the senior management in their business line and to the compliance department. Any new conflict of interest identified is notified to BNPP AM's Conflicts & Conduct Committee by the UK Head of Compliance. Employees involved in the oversight of activities carried out on behalf of BNPP AM clients by a delegate, sub-delegate, external valuer or counterparty are required to report identified conflicts in the same way.
2. The governance arrangements of BNPP AM has been established to provide oversight of BNPP AM's duties with regard to conflicts of interest. Conflicts of interest management practices are reviewed by the Conflicts & Conduct Committee.

## 3. Analysis and prevention or management of conflicts of interest

### 3.1. PREVENTING OR MANAGING CONFLICTS OF INTEREST

Where BNPP AM identify a potential or actual conflict of interest arising in the provision of its investment services and activities and ancillary services, BNPP AM will analyse and record the following:

- Details and type of conflict;
- How the conflict could lead to a risk of damage to the interests of their clients; and
- What organisational and effective arrangements have been put in place to prevent the conflict of interest from adversely affecting the interests of their clients; or
- If required as a matter of last resort, confirmation that disclosure has been clearly made to the relevant clients, detailing the general nature and/or sources of conflicts of interest and the steps taken to mitigate those risks before undertaking business on behalf of those clients.

### 3.2. CIRCUMSTANCES WHICH CONSTITUTE OR GIVE RISE TO CONFLICTS OF INTEREST

BNPP AM has considered the circumstances which constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of its clients. In response, BNPP AM has adopted procedures and measures in order to prevent or manage such conflicts from adversely affecting the interests of its clients; examples include, but are not limited to:

- Implementing policies and procedures that either limit practices that result in conflicts or prescribe operating practices that provide proper handling of clients' interests;
- Assessing the potential for conflicts when creating or changing reporting lines and job descriptions including whether they could compromise controls achieved through segregation of duties or through our three lines of defence risk management model;
- Assessing the potential for conflicts when new clients, new products, new systems or procedures are being introduced, or where there are reorganisations of business lines;
- Recognising that in instances where BNPP AM services its clients using services provided by other parts of the BNPP AM global group that we need to be satisfied that conflicts of interests are appropriately managed in such instances;
- Managing the interests of individual investors in each of the Client Funds we manage as well as the interests of the Client Funds as a whole, including consideration of the sometimes conflicting interests of different investors within a fund (e.g. where liquidity concerns could arise in a Client Fund after some investors redeem their holdings);
- Obtaining as applicable each discretionary mandate client's agreement before investing its funds in an in-house UCITS or AIF and as required by the FCA's Rules;
- Implementing policies and procedures to prevent or control the simultaneous or sequential involvement of a relevant person in separate services or activities;
- In the absence of specific client direction, exercising proxy voting rights and clients' participation in corporate actions in accordance with the investment objectives of the relevant client and their best interests;
- Implementing remuneration policies to prevent or manage conflicts arising from the Firms' remuneration and other incentive structures;
- Implementing appropriate segregation of duties, reporting lines and governance structures to prevent or limit any person from exercising inappropriate influence; and
- Implementing effective procedures to prevent or control the inappropriate exchange of information, which could include a physical barrier, document classification, security and computer protections and/or confidentiality agreements.
- Refrain from personally negotiating or signing in the name of BNPP AM, any transaction or service contract, sale or purchase of a company in which they possess direct or indirect holdings, without prior authorization from their Management and Compliance Department;

### 3.3. INDUCEMENTS

When providing investment services and activities and ancillary services, BNPP AM does not pay to, or accept from any third party, or person acting on behalf of a third party (other than its client or a person on behalf of its client) any fees, commissions, or any monetary or non-monetary benefits in connection with the provision of its investment services and activities and ancillary services to its clients, except when:

- It is designed to enhance the quality of the relevant service to the client and does not impair compliance with BNPP AM's duty to act honestly, fairly and professionally in the best interests of its clients;
- A payment or benefit which enables or is necessary for the provision of an investment service by the Firm, such as custody costs, settlement and exchange fees, regulatory levies or legal fees and which, by its nature, cannot give rise to conflicts with the firm's duty to act honestly, fairly and professionally in the best interests of the client;

- It is an acceptable minor non-monetary benefit; or
- It is third party research received and treated by BNPP AM in accordance with relevant regulatory requirements.

### 3.4. DISCLOSURE

The Firms will take all reasonable steps to prevent conflicts from adversely affecting the interests of clients and will only revert to disclosure as a measure of last resort.

Where organisational or administrative arrangements made by BNPP AM to prevent conflicts of interest from adversely affecting the interests of its clients are not sufficient to ensure, with reasonable confidence, that the risk of damage to its clients' interests will be prevented, BNPP AM clearly discloses to the relevant client the general nature and/or sources of conflicts of interest, as well as the risks to the client that may arise as a result of the conflicts of interest and the steps taken to mitigate the risks before undertaking business on their behalf.

Such disclosure is made in a durable form, is fair, clear and not misleading.