

**BNP PARIBAS ASSET MANAGEMENT France,  
Netherlands Branch**

# **Principles of Fund Governance**

**1 mei 2021**

## INLEIDING

BNP PARIBAS ASSET MANAGEMENT France, Netherlands Branch ('BNPP AM Nederland'), gevestigd te Amsterdam, is beheerder van beleggingsinstellingen en Instellingen voor Collectieve Belegging in Effecten ('ICBE's'). Als beheerder draagt BNPP AM Nederland zorg voor een integere uitoefening van het fondsbedrijf en een zorgvuldige dienstverlening ten behoeve van de aandeelhouders in haar fondsen.

Een integere uitoefening van het fondsbedrijf en zorgvuldige dienstverlening houdt in dat een beheerder handelt in het belang van de aandeelhouders en er bij de organisatorische opzet van het beheer naar streeft belangentegenstellingen tegen te gaan. Hiertoe heeft de Dutch Fund and Asset Management Association ('DUFAS') een gedragscode ontwikkeld met good practices en richtlijnen op het gebied van Fund Governance.

BNPP AM Nederland leeft de gedragscode van DUFAS na en heeft deze uitgewerkt in deze Principles of Fund Governance.

In de Principles wordt onderscheid gemaakt tussen richtlijnen voor de dagelijkse beheertaken die een nadere uitwerking geven van het beginsel belangenconflicten tegen te gaan en te handelen in het belang van de aandeelhouders in de fondsen (deel III) en principles voor het waarborgen van de naleving van deze richtlijnen binnen de organisatie (deel I en II). BNPP AM Nederland heeft de wijze waarop zij haar governance structuur heeft ingericht (zoals omkaderd door deel I van de Principles) beschreven in haar bedrijfsvoering.

Voor zover er sprake is van overlap met wettelijke voorschriften, prevaleren deze boven de Principles.

# I. SPECIFIC MEASURES REGARDING THE STRUCTURE OF FUND GOVERNANCE

## 1. PERIODIC REVIEW, REPORTING AND OVERSIGHT

BNPP AM Nederland, as Management Company of Undertakings for Collective Investment in Transferable Securities and Investment institutions, ensures that a system of checks and balances is in place in order to ensure compliance with both the applicable law and regulation and the fund governance principles that protect the interest of investors and mitigate conflicts of interest. Such a system consists of the following three elements:

- a. periodic review of application of the principles,
- b. reporting of the review to relevant parties, and
- c. oversight.

### **Periodic review**

The Compliance Department of BNPP AM Nederland – which acts independently from day-to-day operations and has access to all relevant information – carries out periodic reviews on the application of fund governance principles in the business operations. These reviews will focus on identified governance subjects as described below.

### **Reporting**

The Compliance Department of BNPP AM Nederland will periodically report the outcome of the abovementioned reviews to the branch managers of BNPP AM Nederland and will share the outcome of his reviews with the oversight entity mentioned below.

### **Oversight**

BNP Paribas Securities Services S.C.A., Amsterdam Branch, has been appointed as Depositary of the Dutch collective investment funds and acts as oversight entity. The Depositary amongst others supervises the Management Company by verifying that the Management Company performs its tasks in conformity with the Prospectus, Articles of Association and applicable laws and regulations.

BNP Paribas Securities Services S.C.A., Luxembourg Branch, performs this role for the Luxembourg Investment Institution under management of the Management Company.

# II. GENERAL MEASURES SAFEGUARDING FUND GOVERNANCE

## 2. COMPLIANCE FUNCTION

Compliance with the law, regulations and other rules, among which those that protect the interests of investors and mitigate conflicts of interest, is monitored. BNPP AM Nederland ensures that its Compliance Department acts independently from operative functions, is equipped with adequate resources, has access to all relevant information and reports regularly to the branch managers of BNPP AM Nederland.

## 3. MANAGING CONFLICTS OF INTEREST

Paramount attention is given to managing potential conflicts of interest. As a matter of principle, the governance aims to avoid (potential) conflicts of interests between the interests of the investors in the funds with the interests of other parties such as BNPP AM Nederland itself or the service providers (in- and external), but also amongst funds of BNPP AM Nederland and discretionary mandates of BNPP AM Nederland. A set of rules and procedures has been defined to ensure that, in case an unexpected conflict of interest situation would arise, the interests of investors are protected and that investors are treated equally in comparable situations.

Should conflicts of interest occur, BNPP AM Nederland deals with these situations in accordance with its duty to act in the interest of the investors. BNPP AM Nederland has identified the main areas of potential conflicts of interest between the management organization on the one hand and the investors in the funds on the other hand.

#### 4. SEGREGATION OF DUTIES

As far as appropriate, segmentation between investment decisions, settlement of transactions, administration of transactions and control is in place to prevent (potential) conflicts of interest as described above.

BNPP AM Nederland has installed 'Chinese walls' in order to manage the flow of price-sensitive information and other confidential market information. Since BNPP AM Nederland is part of a group of companies, there is an organizational, physical and personnel segregation between the group's business units to the extent that this is reasonably necessary, relative to their activities. This means that employees report hierarchically only to their managers and appropriate information-sharing barriers are in place to prevent dissemination of sensitive market information. No price-sensitive or confidential market information is exchanged between business units other than is required to effectively carry out their work.

#### 5. FAIR & REASONABLE APPLICATION OF PRINCIPLES

When dealing with potential conflicts of interest, BNPP AM Nederland primarily endeavours to reasonably and fairly apply the specific principles defined in these Principles. In situations that may not be covered by these Principles, BNPP AM Nederland in general seeks to apply international best practices to the extent available. BNPP AM Nederland pledges to resolve any such situation, having due regard for the interests of the investor and its legal duty as to act in the interest of the investor, after reasonable and fair consideration of relevant facts and circumstances.

#### 6. THE PRINCIPLE OF 'CONSCIENTIOUS CONSIDERATION'

However well defined and refined, a system of specific principles, even while supplemented with a set of international best practices, cannot always guarantee sufficient external guidance to deal with each specific conflict situation. BNPP AM Nederland therefore pledges that it shall endeavour to resolve any governance issue having due regard for the interests of the investors and its legal duty to act in the interest of the investors and after reasonable and fair consideration of relevant facts and circumstances. This process, called conscientious consideration shall be conducted within the management of BNPP AM Nederland.

#### 7. PUBLICATION OF PRINCIPLES

BNPP AM Nederland publishes these Principles of Fund Governance on its website ([www.bnpparibas-am.nl](http://www.bnpparibas-am.nl), 'Informatie Wet financieel toezicht', 'Beheerder').

### III. RULES AND PRINCIPLES REGARDING DAY-TO-DAY OPERATIONS

#### 8. THIRD PARTY RELATIONS

BNPP AM Nederland ensures that the selection of counterparties for trade execution (brokers) takes place according to defined procedures and criteria, taking into account execution capability.

#### 9. ASSET VALUATION

BNPP AM Nederland ensures that the valuation of assets and the calculation of Net Asset Values (NAV) is performed independently from the portfolio management function.

#### 10. FUND UNIT TRADING

BNPP AM Nederland has established procedures to prevent late trading in units of the funds and to protect the funds from the potential negative impact of market timing transactions.

#### 11. SHAREHOLDER RIGHTS

BNPP AM Nederland publishes on its website its policy of shareholder voting rights attached to the portfolios it manages.

#### 12. TRANSPARENCY

BNPP AM Nederland strives for an open relationship with the investors by providing relevant, clear and understandable information in accordance with the applicable laws, regulations and the fund's conditions. This includes just, timely and fair information on investment policy, investments, risks, costs and management fees, affiliated parties and outsourcing. The characteristics of the funds are clear, the risks are explained and there are no ambiguous conditions. All fees charged by the funds and their connection to services rendered are clear. The maximum and real subscription and redemption charges in relation to the NAV for the Dutch funds are clear.

### 13.CHANGE IN THE CONDITIONS OF A FUND

During the lifetime of an investor's investment it is possible that a fund's conditions may change. In that case BNPP AM Nederland suitably informs the investors in good time in accordance with the applicable laws, regulations and the fund's conditions. BNPP AM Nederland strives to ensure that such information is easily accessible, clear and understandable for all investors. If the proposed changes have a negative impact on conditions for the investor (e.g. a rise in fees), or if changes in the investment policy of a fund are proposed, the investor in an open-ended fund always has the legal right to divest on the then prevailing conditions within a given period before the proposed changes are effected.

### 14.BEST EXECUTION

In implementing and executing investment decisions, BNPP AM Nederland as a general rule takes reasonable steps to obtain the best possible result, taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other relevant consideration. Transactions with related parties, are executed at arm's length terms customary in the market.

### 15.FAIR ALLOCATION

BNPP AM Nederland may generally execute transactions on an aggregated basis to obtain more favourable commission rates or transaction costs than if such orders are placed individually. When aggregating orders, the relevant portfolios shall be treated fairly and systematically. BNPP AM Nederland has adapted a similar policy for IPO allocations.

### 16.TRANSACTION FEES AND RESEARCH COLLECTION CHARGE AGREEMENTS

Transaction fees only cover those services that directly benefit the fund or the collective of the funds which are managed by BNPP AM Nederland.

Research Collection Charge Agreements may be entered into with brokers. In a Research Collection Charge Agreement, it is agreed with the broker that the fee with respect to the purchase of research is separated from the fee with respect to the actual execution of the transaction. The compensation for research is then booked separately at the relevant broker's account as a credit. It may be decided to transfer (a part of) this compensation to another broker or research provider for the provision of research. By separating the execution from the purchase of research, the best brokers in both fields can be identified.

### 17.SECURITIES LENDING

The funds for which BNPP AM Nederland acts as Management Company do not perform any securities lending activities.

### 18.PERSONAL INTEREST AND REMUNERATION

BNPP AM Nederland endeavours to structure its remuneration systems in line with market practices and in such a way that conflicts with investors' interests are prevented. The details of the Remuneration Policy of BNPP AM Nederland can be found on its website ([www.bnpparibas-am.nl](http://www.bnpparibas-am.nl), 'Over ons', 'Beloningsbeleid').

Participation by staff in a fund is considered as a 'stake of confidence'. Almost all securities transactions involving staff of BNPP AM Nederland are monitored. This is to ensure that BNPP AM Nederland can steer clear of appearing to act with inside information.

### 19.COSTS AND DAMAGES AS A RESULT OF OPERATIONAL ERRORS

In a human environment operational errors can never be entirely excluded. BNPP AM Nederland has a policy in which damages, exceeding a certain minimum level and caused by errors in the calculation of the NAV of a fund, shall be compensated. BNPP AM Nederland also has a policy with regard to the costs of other operational errors. BNPP AM Nederland carries adequate insurance coverage for substantial damages and costs incurred by a fund as a consequence of operational errors.

### 20.BELEGGERSGIRO

BNPP AM Nederland (as far as this lies within its power) will endeavour that – when the funds are offered and administered through a so called 'beleggersgiro' (securities account) - the beneficial owners of shares in its funds will be granted voting rights in the shareholder meetings of the funds on request of the beneficial owner.

## 21. SHAREHOLDER MEETINGS OF THE FUNDS

BNPP AM Nederland (as far as this lies within its power) will endeavour that beneficial owners of shares in its funds can participate in shareholders meetings of the funds. BNPP AM Nederland suitably informs the investors of the time and location as well as the agenda of such meetings in accordance with the applicable laws, regulations and the fund's conditions.

In case of a 'beleggersgiro', when beneficial owners abstain from exercising their voting rights, the trustee (the board of the entity, being the legal owner of the shares) of the beleggersgiro, which acts independent from BNPP AM Nederland, is allowed to attend the meeting and exercise voting rights on behalf of the beneficial owners of the fund. In case related companies of BNPP AM Nederland or other funds managed by related companies of BNPP AM Nederland own shares in a fund, they are also entitled to exercise their voting rights. In these cases the identity of the shareholder and his voting behaviour shall be disclosed in the shareholder meeting.