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## SUMMARY OF THE EXANE GROUP CONFLICTS OF INTEREST POLICY

### PREAMBLE

- As providers of investment services, Exane SA, Exane Derivatives and Exane Inc. (hereafter referred to as “Exane”) have to deal with actual and potential conflicts of interests from time to time. Conflicts of interests pose risks that professional decisions or actions will be unduly influenced by personal motives or stem from Exane’s activities.
- Exane is committed to ensuring the highest ethical standards and compliance with all applicable laws and regulations.

To this end, Exane established an organisational framework, various sets of procedures and an efficient monitoring which all contribute to track down and manage conflicts of interests.

### SITUATIONS WITH POTENTIAL CONFLICTS OF INTERESTS

A conflict of interest is a situation in which Exane’s interests - or those of its employees - conflict with the interests of its clients, either directly or indirectly. Conflicts of interests may also arise between two or more clients.

Exane has mapped the various situations that can potentially generate conflicts of interests. For example, a conflict of interests may occur when Exane, or one of its employees:

- Is in a position to realise a profit (or avoid a loss) at the expense of a client.
- Has an interest in the result of a service provided to a client or of a transaction executed on behalf of a client, which is different from the client’s interests.
- Is encouraged, for financial or other reasons, to prioritise the interests of one client over the interests of another client.
- Receives from a person or an entity who is not a client an inducement in relation to a service provided to that client, in whatever form, other than the fees or charges generally billed for the execution of the service.
- An employee has an outside business interest which may generate a conflict of interest with Exane’s clients.

When facing an actual or a potential conflict of interests, Exane may :

- Accept the conflict of interests as it can prevent any abuse through its existing framework or through an ad-hoc mechanism that ensure appropriate management of the conflict, thereby protecting the client’s interests.
- Abstain from undertaking a transaction or an activity if the framework in place does not allow for appropriate management of the conflict.

- As a last resort, and if confidentiality obligations permit, inform the client of the existence of a conflict of interests, along with the nature of the conflict, in order to help the client make an informed decision.

## **PREVENTING AND MANAGING CONFLICTS OF INTEREST**

- **Governing ethical principles**

- The importance of our clients' interests is placed at the centre of Exane's framework that has been designed to identify, prevent and manage conflicts of interests.
- The Exane Group has an established Compliance Department, which is independent from the business and is under the responsibility of the Group Compliance Manager, himself under the responsibility of an Executive Director.
- The Compliance Department has an important role in establishing a framework aimed at preventing and managing conflicts of interests, and ensures appropriate monitoring of its correct application and efficiency.

- **Separation of business activities and of supervisory functions**

- Some of Exane's activities may, by their nature, generate conflicts of interests in connection to other activities. Such activities are separated by "information barriers" that prevent the flow of information which can potentially create conflicts of interests. These information barriers are achieved through physical separation, separate supervisory arrangements and separation of information systems.
- Business areas within Exane that could give rise to conflicts of interest if they were seated together are set up to work independently from one another, and are supervised by separate senior managers so as to prevent or mitigate the risk of exerting an inappropriate influence.

- **Procedures**

The Compliance department designed appropriate procedures in order to manage strictly those situations that can potentially generate a conflict of interests. These procedures cover the following topics:

- Staff remuneration, which may relate partly to individual and collective quantitative performances, but which in any case, encompasses qualitative criteria, such as abiding by compliance rules.
- Client order execution: Exane aims to achieve the best result when executing client orders, or when placing client orders with other entities for execution.

- The allocation policy, when Exane takes part in a public offering of securities on behalf of an issuer, aims at protecting the interests of its investor clients.
- Equities Research is following specific distribution rules based on the “broad dissemination” principle. Exane’s employees will be denied the possibility to undertake a personal account transaction on an issuer if a research note is scheduled to be published. If a Front Office employee has knowledge of the likely timing or content of investment research, he/she must not solicit customer orders, carry out any principal trading in the financial instruments to which the research relates, or issue investment recommendation on the relevant instrument until such time that the research has been broadly disseminated.
- Exane Derivatives acts as an administrator of non-significant indices. To prevent potential conflicts of interests related to the production of Benchmark Indices and the distribution of structured products, Exane established a strict separation between the creation, calculation and publication of Indices on one hand, and the distribution of Index-linked structured products on the other hand.
- Exane produces and distributes structured products. In order to manage the risk of conflict of interests, Exane has set up an in-depth process for the validation of new products with, in particular, the definition of the client categories whose needs, characteristics and objectives are compatible with the offered products or instruments. The Compliance Department is systematically associated to the validation process.
- Gifts and entertainments that Exane staff may provide or receive are governed by strict rules and limitations in terms of value and require pre-approval from the Compliance Department.
- Employee personal account dealing is subject to pre-approval by the Compliance Department. In order to avoid conflicts of interests, employees may be restricted in their personal account dealing according to the nature of the information they are exposed to.
- Employees are required to inform their management and the Compliance Department when they have an outside business interest and, in some cases, they will need approval before engaging in such an interest.

## **REVIEW OF THE CONFLICT OF INTEREST POLICY**

Exane will regularly review its conflicts of interests policy to reflect:

- Changes in laws and regulations;
- New professional norms or practices; or
- Changes in Exane's business model.