



March 2019

SUMMARY OF THE EXANE GROUP CONFLICTS OF INTEREST POLICY

PREAMBLE

- The Exane Group (“hereafter referred to as “Exane”) encompasses Exane SA, Exane Derivatives and their respective branches, Exane Finance, Exane Inc, Ellipsis AM, Exane Asset Management and its Luxemburg subsidiary. Exane specialises in three businesses: equity brokerage and equity research, derivative instruments and structured products, and asset management. In all its activities, Exane is committed to ensuring the highest ethical standards and compliance with all applicable laws and regulations.
- As a provider of investment services, Exane has to deal with potential conflicts of interests. Exane’s policy in this regard involves, in accordance with the Regulation, establishing and maintaining effective organisational, procedural and control mechanisms that make it possible to detect and manage conflicts of interests and to protect the interests of its clients from any potential resulting abuse.

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 interest may also arise between two or more clients.

- When facing an actual or a potential conflict of interest, Exane may :
 - Accept the conflict of interest, but prevent any abuse through its existing framework and mechanisms that ensure appropriate management of the conflict, thereby protecting the client’s interest.
 - 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 interest, along with the nature of the conflict, in order to help the client make an informed decision.

POTENTIAL CONFLICTS OF INTEREST SITUATIONS

Exane has mapped the various situations that can potentially generate conflicts of interest. For example, a conflict of interest 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 interest.
- Is encouraged, for financial or other reasons, to prioritize the interests of one client over the interests of another client.
- Receives from a person or entity other than 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.

PREVENTING AND MANAGING CONFLICTS OF INTEREST

- **Governing ethical principles**
 - The importance of our clients' interests is placed at the centre of our framework that has been defined to identify, prevent and manage conflicts of interest.
 - The Exane Group has an established Compliance Department, which is independent from the business, 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 interest, 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 interest in relation to other activities. Such activities are separated by "information barriers" that will prevent the flow of information that can potentially create conflicts of interest. 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 has set procedures in order to manage strictly those situations that can potentially generate a conflict of interest. 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.
- Gifts and entertainments that Exane staff may receive or provide 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 interest, 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 in order to maintain such an interest.

REVIEW OF THE CONFLICT OF INTEREST POLICY

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

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