

# STATEMENT OF POLICY ON THE MANAGEMENT OF CONFLICTS OF INTEREST IN RELATION TO INVESTMENT RESEARCH

## 1. Scope

This Statement of Policy relates to the *Investment Research* publications produced by a BNP Paribas Group (“BNP Paribas”) company and it outlines the arrangements that seek to ensure that these publications are produced independently and impartially, and that they are not influenced by any potential conflicts of interest arising from our other activities.

Investment Research may include recommendations but they are not intended as an offer or solicitation to engage in specific transactions in securities, financial instruments or strategies. Additionally, Investment Research will not take into account the particular investment objectives, financial conditions, or needs of individual clients and it should not be considered as investment advice.

BNP Paribas produces other research publications which are not subject to the independence and impartiality arrangements described in this Statement of Policy (“*non-independent research*”). Non-independent research publications are marketing materials. They are not subject to the same regulatory protections as Investment Research, and their publication format allows them to be distinguished clearly from Investment Research. Those persons involved in the production of non-independent research may be subject to conflicts of interest in relation to the subject matter of that research.

In some instances Research management may decide that it is appropriate to include extracts from non-independent research publications within Investment Research publications. In these circumstances Research management will have concluded that this is of value to the intended audience, and that there is no conflict of interest or danger of compromising the impartiality of the author of the Investment Research. Any such extracts will be clearly identified, and it will be made explicit that these extracts have not been prepared in accordance with the arrangements described in this Statement of Policy.

## 2. Purpose of this Statement of Policy

This Statement of Policy is designed to provide an overview of the arrangements employed by BNP Paribas, which seek to ensure that its Investment Research publications are produced independently and impartially, and in particular that they are not affected by any actual or potential conflicts of interest that may arise from other activities of BNP Paribas.

This Statement of Policy is particularly directed at the recipients of BNP Paribas Investment Research, in order that they can properly understand the context in which the Investment Research has been prepared and distributed, and in particular how BNP Paribas has sought to take all reasonable steps to prevent conflicts of interest from giving rise to a material risk of damage to the interests of its clients.

This Statement of Policy is intended:

- To support the commercial imperative to adhere to high professional and ethical standards in serving the best interests of BNP Paribas clients;
- To outline of the key arrangements relied on to ensure independence and impartiality in the production and distribution of Investment Research publications as set out in the succeeding sections of the Statement of Policy; and
- To help meet various regulatory obligations in all the relevant jurisdictions, including but not limited to, those flowing from the Market Abuse Directive and the Markets in Financial Instruments Directive (translated in France into requirements in the *Règlement Générale* of the Autorité des Marchés Financiers, primarily Articles 313-25, and in the UK into requirements in the FCA’s Handbook of Rules and Guidance, in particular in the *Senior Management Arrangements, Systems and Controls* sourcebook, the *Conduct of Business* sourcebook, and the *Principles for Business* sourcebook concerning integrity, customer interests and conflicts of interest); and in the U.S. to meet the research independence and integrity requirements of FINRA, the NYSE and the SEC.

### 3. BNPP Approach to the Production and Distribution of Investment Research

The production and distribution of Investment Research publications by BNP Paribas, and the activities of BNP Paribas Investment Research analysts, are governed by the Code of Conduct Applicable to Research Activities within BNP Paribas, which states that:

“BNP Paribas seeks to adhere to the highest professional ethical standards in order to best serve the interests of its clients. This Code of Conduct sets forth the principles on which the BNP Paribas group will prepare and issue Research and defines the professional duties of the analysts. All Research is produced in accordance with this code and each Research Function must implement procedures to comply with the relevant aspects of this code.”

Outlines of the key arrangements relied on to ensure independence and impartiality in the production and distribution of Investment Research publications are set out in the following sections of the Statement of Policy.

### 4. The Research Function

#### a. Governance, supervision and remuneration

BNP Paribas Investment Research analysts are qualified and registered with appropriate regulatory authorities as necessary. They are supervised by, and report to, Research management or to senior management. They are neither supervised by, nor report to, those with investment banking or direct sales and trading responsibilities. Additionally, BNP Paribas Investment Research analysts are segregated from and work independently of the Investment Banking, Marketing, Sales and Trading functions.

Certain non-independent research teams may, however, sit within the Sales and Trading functions to produce marketing materials.

Research management and/or BNP Paribas Investment Research analysts are not supervised, directly or indirectly, by the Investment Banking, Origination, Distribution or Syndication functions.

Research management is responsible for the recruitment, retention and appraisal of Investment Research analysts, and also for establishing the remuneration processes for Research analysts in accordance with the relevant regional framework. Specifically, the remuneration process for members of the Research functions is designed to reflect all aspects of their performance, and is not linked to specific investment banking transactions.

In making decisions about coverage, Research management may consider representations from other BNP Paribas business units except specific company recommendations made by investment banking personnel.

***b. Restrictions on the Activity of Investment Research Analysts***

In order to allay concern that their independence and impartiality might be compromised, BNP Paribas Investment Research analysts are not involved in the solicitation or provision of investment banking services. Research analysts are not permitted to attend client pitches and are not allowed to be active participants at offering related investor road-shows.

Similarly, while contact among Investment Research analysts and other BNP Paribas staff (or clients of BNP Paribas) may be beneficial, these contacts could give rise to the perception that their independence and impartiality might be compromised. Consequently, these contacts are subject to appropriate and applicable restrictions.

BNP Paribas Investment Research analysts may not trade for their personal accounts or accounts over which they have an influence in securities issued by or in relation to companies in the sector(s) which they cover, or in derivatives relating to such securities or companies. Any personal account dealing by BNP Paribas Investment Research analysts is governed by policies and procedures on personal account dealing, which require the registration of dealing accounts and the pre-approval of trades.

BNP Paribas Investment Research analysts are also required to observe policies and procedures concerning the giving or receiving of gifts or entertainment. These policies and procedures limit the value of gifts or entertainment that may be given or received. Where the value of a gift or entertainment offered or received exceeds certain pre-determined thresholds or does not conform to the policy, it must not be offered or accepted unless it is pre-approved by management and Compliance. The purpose of this policy is to allay any concern that a conflict of interest might be created.

All Investment Research publications must carry the analyst's certification that:

- The views expressed in the Investment Research publication accurately reflect their personal views about the issuers or securities covered; and
- No part of their compensation was, is, or will be related, directly or indirectly, to the specific recommendations or views expressed in the Investment Research publication.

***c. Editorial and approval processes***

The Research function has defined editorial and approval processes that are designed to ensure that Investment Research publications:

- Are fair, clear, not misleading and prepared in good faith, and the basis on which any opinion or analysis is expressed is supported by appropriate due diligence and relevant data;

- Identify the reliable sources used for the Investment Research;
- Identify the valuation methods and assumptions employed;
- Identify the Investment Research analyst that is the author of the Investment Research publication;
- Provide the date of the first distribution of the Investment Research publication;
- Contain only information which is available from public sources;
- Avoid sensationalism or provocative language;
- Adequately disclose where information is reproduced from third party sources; and
- Contain appropriate Disclosures and Disclaimers.

Companies may be permitted to review excerpts of a draft Investment Research publication of which they are the subject prior to its publication solely for the purpose of verifying factual accuracy, provided they comply with all applicable Compliance procedures. Consequently, such reviews will only include the factual excerpts of the draft report and will not include any of the subjective portions of the report, including the proposed recommendation, investment thesis, valuation, or target price. Moreover, following review by the subject company any amendments proposed to the draft report require Research Management and Compliance Department approval prior to publication.

*d. Disclosures*

BNP Paribas seeks to take all reasonable steps to prevent conflicts of interest from giving rise to a material risk of damage to the interests of its clients. BNP Paribas discloses in its Investment Research publications those factors that might give rise to a perception that an Investment Research analyst's independence could be compromised, including all applicable and appropriate disclosures related, but not limited, to investment banking compensation received or expected to be received, past lead or co-management of underwritings, shareholdings or officer or directorships with or for the subject company by BNP Paribas or its employees.

In the event that it is decided to terminate coverage of a company/issue, the final Investment Research publication on the company/issue will make this clear, and explain the reasons for the termination of coverage.

*e. Timing and manner of distribution*

BNP Paribas' policy is to distribute its Investment Research publications simultaneously to clients and other parts of our company (including the firm's sales and trading staff). While many Investment Research publications will be released outside typical business hours, there is no restriction or waiting period before other parts of BNP Paribas may act on the Investment Research publications.

Research publications, including trade alerts, can be automatically subscribed to via GlobalMarkets. To manage your publication alerts, please visit the "My Alerts" section of "My GlobalMarkets".

From time to time, BNP Paribas may be required to restrict research its publication or distribution of Investment Research due to certain restrictions as determined, on a case-by-case basis, by the Compliance or Legal Departments of BNP Paribas or based upon advice of Counsel.

*f. Audience*

BNP Paribas Investment Research publications are intended for institutional clients, qualified institutional buyers, professional investors or professional clients as defined within local laws of the countries in which BNP Paribas Investment Research publications are distributed. These publications are not intended for retail clients, and any such clients that receive any of BNP Paribas Investment Research publications should not rely on them.

**5. Other Organizational and Administrative Arrangements Designed to Identify and Manage Conflicts of Interest**

*a. Information barriers around Investment Research function related to private-side businesses of BNP Paribas*

BNP Paribas separates those business units which operate on the basis of information that is in the public domain (“public-side businesses” - including the Investment Research function) from those business units that regularly receive non-public information (“private-side businesses” - for example Corporate Finance). This separation is both physical and electronic. These arrangements are known as Chinese Walls. By separating the Investment Research function from our private-side businesses, BNP Paribas seeks to ensure that Investment Research analysts are not exposed to non-public information, which cannot be included (or relied on) in their Investment Research publications.

*b. Information barriers around Investment Research function related to public-side businesses of BNP Paribas*

In addition to the barriers described above, the Investment Research function is separated so as to manage the restricted interaction with other public-side businesses within BNP Paribas appropriately, and to preserve the confidential nature of non-published research materials and/or information. The disclosure of draft or non-published research materials and/or information outside the Research department is generally not permitted except in certain limited cases with the consent of appropriate BNP Paribas Compliance Department personnel and on need-to-know basis.

*c. Control Room*

BNP Paribas uses a “Control Room” within its Compliance Department to bring together specific data about our activities. The Control Room uses this data to help identify and manage actual or potential conflicts of interest.

*d. Training*

BNP Paribas provides periodic training to its staff on relevant commercial and regulatory elements, including the need to identify and manage actual or potential conflicts of interest. This training stresses the importance of staff escalating relevant issues they become aware of, as relevant, to their management or to the Compliance Department.

*e. Whistleblower Program*

BNP Paribas has committed to handling any reported breaches of its Code of Conduct in a confidential manner according to its whistleblower framework. Employees are encouraged to use a hotline in their region, where available, to report issues and consult with Compliance personnel.

**6. Understanding this Statement of Policy**

As described above, this Statement of Policy is designed to provide an overview of the policies and procedures of BNP Paribas that are intended to ensure its Investment Research publications are produced independently and impartially, and in particular that these publications are not affected by any actual or potential conflicts of interest that may arise from our other activities. Publication and provision of this Statement of Policy is for information purposes only and does not create any third-party rights or duties that would not otherwise exist, nor does it form part of any contractual arrangement between BNP Paribas and any existing or potential client.