



THEMATICS

asset management

POLICY FOR THE DETECTION, PREVENTION AND HANDLING OF CONFLICTS OF INTERESTS

DETECTION, PREVENTION AND HANDLING OF CONFLICTS OF INTEREST

Owner entity

Thematics Asset Management

Policy supervisor(s)

Managing Director
Compliance and Internal Control Officer

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Relevant laws & regulations

- Article 19 of Directive 2004/39/EC of 21 April 2004 on markets in financial instruments
- Articles 313-18 to 313-22 of the General Regulations of the Autorité des Marchés Financiers (AMF GR)
- Article L 533-10 of the French monetary and financial code

Scope

Thematics Asset Management

DEFINITION OF A CONFLICTS OF INTEREST

A conflict of interest is a situation in which Thematics Asset Management, one of its employees or one of its delegated managers, is involved in an activity which may be detrimental to a client's interests if appropriate measures are not taken.

DETECTING CONFLICTS OF INTEREST SITUATIONS

In accordance with the AMF GR, Thematics Asset Management takes all reasonable steps to identify conflicts of interest that may arise when providing investment services or when managing investment funds:

- between one or more of its clients and either itself, a relevant person or someone who is directly or indirectly linked to the service provider in a control relationship;
- or between two clients.

Definition of a relevant person

Pursuant to Article 312-2 of the AMF Règlement Général, relevant persons include:

- senior management;
- employees and tied agents;
- persons made available and placed under the authority of Thematics Asset Management or of a tied agent and involved in the provision of an investment service by Thematics Asset Management, including outsourced activities.

To detect conflict of interest situations, Thematics AM's Compliance department has mapped out the situations which may arise when providing an investment service or managing a fund and which may result in a conflict of interest that could harm the interests of one or more clients.

Potential conflict of interest situations for Thematics Asset Management

A conflict of interest is a situation in which a Thematics Asset Management employee has a tangible, professional, commercial or financial interest that conflicts with the interest of a discretionary account client or investment fund client, whose interest must take precedence.

Situations likely to generate conflicts of interest include, but are not limited to, the following:

- the management company, or a person who is linked to it, is in a position to realise a financial gain or avoid a financial loss at the expense of one or more clients;
- the management company or such a person has an interest in the outcome of a service provided to a client or of a transaction carried out on behalf of a client which conflicts with the client's interests;
- the management company or such a person has a financial or other incentive to put the interests of a particular client above the interests of the client for whom the service is provided;
- the management company or such a person receives or will receive from a person other than the discretionary account or investment fund client some benefit, of any type whatsoever, in connection with the service provided to the client, other than the commission or fee normally charged for such service.

In all of these cases, Thematics Asset Management must observe a policy for effectively handling conflicts of interest.

PREVENTING CONFLICTS OF INTEREST

Thematics Asset Management has put in place internal procedures to prevent conflicts of interest pursuant to the AMF General Regulations. To this end, employees are regularly trained to ensure that they are aware of and understand the procedures to be followed.

These procedures, which are grouped together in the management company's book of procedures, are designed to ensure that the relevant employees who are engaged in activities where conflicts of interests may arise perform these activities with an appropriate degree of independence with regard to Thematics Asset Management's organisation and activities.

These procedures deal in particular with the following:

1. The prohibition or at least the control of the exchange of information between employees involved in activities where there is a risk of a conflict of interest, when such exchange of information may be detrimental to the interests of one or more clients.

The Thematics AM documents specifically relating to this are the Code of Ethics and the various procedures that govern the following:

- The confidentiality of information to which employees have access in the interest of clients;
 - The prohibition of the use of any inside information to which employees may have access, for either their personal benefit or the benefit of a third party. This procedure deals in particular with the monitoring of the personal transactions of employees.
2. The separate supervision of employees whose main duties consist of carrying out activities on behalf of certain clients or providing services to them, when conflicts may arise between the interests of these clients, or when these relevant persons represent other interests, including those of the service provider, which may conflict with client interests.

The Thematics AM documents specifically relating to this are the Code of Ethics and the various procedures that govern the following:

- The principle of equal treatment between clients;
 - The monitoring of employee transactions for their own account (a specific procedure for restricting and monitoring personal transactions is already enforced).
3. The removal of any direct link between the remuneration of employees with a given primary work activity and the remuneration of other persons engaged in some other primary work activity, or with the income generated by such other persons, when a conflict of interest may arise in connection with these activities.

The Thematics AM documents specifically relating to this are the Code of Ethics and the various procedures that govern the following:

- The selection of financial intermediaries on the basis of objective criteria such as the quality of their services;
- The disclosure of remuneration and non-monetary benefits;
- The management company's remuneration policy.

4. Measures to prohibit or limit the exercise by any person of inappropriate influence on the way in which a relevant person carries out his or her activities.

The Thematics AM documents specifically relating to this are the Code of Ethics and the various procedures that govern the following:

- The selection of financial intermediaries on the basis of objective criteria such as the quality of their services;
 - The procedure for receiving and giving gifts and non-monetary benefits (prohibition, limits, monitoring and reporting).
5. Measures to prohibit or control an employee's simultaneous or consecutive participation in two or more investment or related services or other activities, where such participation may compromise the effective handling of conflicts of interest.

The Thematics AM documents specifically relating to this are the Code of Ethics and the various procedures that govern the following:

- The management company's organisation chart;
 - Job descriptions.
6. Measures to ensure that an employee of the management company may only, in that capacity and on behalf of the management company provide remunerated advisory services, to companies whose securities are held in the funds managed or of which the purchase is contemplated.

The Thematics AM documents specifically relating to this are the Code of Ethics and the various procedures that govern the following:

- The group's organisation chart;
- Job descriptions;
- The limitation of the number of directorships or on the work of employees outside of the company;
- The handling of conflicts of interest.

The measures that Thematics Asset Management has implemented to prevent conflicts of interests consist mainly of the following:

- Raising staff awareness and implementing internal controls.
- Setting up information barriers. Information barriers are procedures or structures that serve to restrict the circulation of confidential or privileged information. They must in particular provide for the physical organisation and separation of activities that could give rise to conflicts of interest. The activities to be separated are those that generate confidential or privileged information, and those between which conflicts of interest may arise.
- Procedures, in particular for placing orders and for the receiving and giving of “gifts and advantages”
- A code of ethics that specifies the basic professional principles that employees must observe and explains the rules that govern personal transactions
- A remuneration policy that sets forth rules for the calculation and payment of variable remuneration that give no incentive to take risks that could be detrimental to clients’ interests
- A voting rights policy that ensures that votes are exercised in the exclusive interests of the investors

HANDLING CONFLICTS OF INTEREST

Conflicts of interest must be dealt with in accordance with the fundamental principle that the interests of discretionary account and investment fund clients must come first.

The practical implementation of this and other principles is the responsibility of the company’s management and employees, under the supervision of the Compliance and Internal Control Officer (CICO).

All conflicts of interest that have been identified must be handled and resolved in accordance with the following procedure:

1. Identification and reporting

- Employees or managers who believe there may be or who have observed a potential or actual conflict of interest must immediately report it, by any appropriate means, to the CICO and to the Thematics Asset Management's General Management;

2. Handling

- The CICO is empowered to handle all conflicts of interest that are reported to him or her. Working with Thematics Asset Management's General Management, the CICO must examine the nature, causes and consequences of the reported conflict of interest.
- When the conflict has been examined, the CICO and General Management define and implement corrective actions to prevent or limit its occurrence, in particular by adopting appropriate procedures and/or strengthening controls if such actions are possible.
- The CICO and General Management must implement corrective actions to prevent, in so far as possible, conflict situations equivalent to the one that was reported.
- The CICO must record, in a specific register, the conflict of interest reported, and which effectively constitutes a conflict of interest situation, and indicate the measures that were implemented to prevent its reoccurrence.

Thematics Asset Management's register serves to record all services or activities in which a conflict of interest that could pose a significant risk of harm to the interests of one or more clients has occurred or is likely to occur.

After examining the situation, the CICO must record in the register either:

- that the situation does not entail a risk of a conflict of interest that could be to a client's detriment, in which case the CICO must explain his or her decision, classify the situation as "Closed" and archive it in the Conflicts of Interest file; or
- that there is a material risk of a conflict of interest, in which case the CICO, in collaboration with General Management, takes the appropriate emergency measures to limit the immediate consequences.

3. Informing the client(s)

If Thematics Asset Management identifies a situation that may harm the interests of one or more of its clients:

- The CICO and General Management must make proposals for dealing with the conflict and select the solution that is in the best interest of the discretionary account or investment fund client and inform the client in writing, if necessary.
- If the measures taken to prevent conflicts of interest are insufficient to ensure, with reasonable certainty, that there is no risk of harm to client interests, Thematics Asset Management must make clear and sufficiently detailed disclosure to the relevant clients, of the general nature or source of the conflict or conflicts before taking any action on their behalf.
- This information must be provided using a "durable medium", such as a letter addressed to the relevant client(s).
In short, Thematics Asset Management must inform the relevant client(s) about the adoption of any additional or alternative measures that may be necessary.
- This information enables clients to take an informed decision on the provision of the investment service. This correspondence must be kept in the client's file.

4. Handling conflicts of interest within the management company

- When a financial services group has multiple business activities, setting up information barriers may hinder the development of synergies between some of these activities. When serving a client requires the disclosure of confidential information to another employee in the same department, to another department or to another company, authorisation must, in first place, be requested from Thematics Asset Management's CICO.
- In some particular or complex cases, organisational and administrative measures may not be enough to provide reasonable certainty that there is no risk that a client's interests will be adversely affected. In such a case, Thematics Asset Management must inform the client, in a clear and appropriate manner, of the nature and source of the conflict of interest, so that the client may take an informed decision.
- The management company must refrain from providing the service if it is unable to comply with the above principle.
- If the management company modifies its organisation or engages in a new activity, the CICO must record, in the conflicts of interest map, any conflicts that may arise from this and the procedures implemented to prevent them.

- Thematics Asset Management must regularly review its procedures. Procedures must be updated in accordance with organisational changes and changes in regulatory requirements and the conflicts of interest map must be reviewed at least annually.

5. Monitoring the detection, prevention and handling of conflicts of interest

- To monitor conflicts of interest risks, the management company has implemented a system of permanent controls and periodic monitoring by the CICO and General Management. These controls and monitoring are subject to formal procedures and all findings are archived.

This policy on the detection, prevention and handling of conflicts of interest is available on the Thematics Asset Management website at:

www.thematics-am.com

This document is also available on request from Thematics Asset Management by email at:

contact@thematics-am.com

or by post letter at:

THEMATICS ASSET MANAGEMENT
43, avenue Pierre Mendès-France, 75013 Paris.
75634 PARIS Cedex 13
France