

Conflicts of interest policy

AXA Investment Managers IF

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This policy regulates the general framework of the conflicts of interest linked to the activities of AXA IM IF. The goal of this framework is to ensure the protection of the investors by reasserting the principle of clients' interest pre-eminence, the will to treat each of them fairly as well as by reaffirming the communication to the investors with complete, adapted and transparent information.

In Brief

AXA Investment Managers IF ("AXA IM IF"), is an investment firm authorised by the 'Autorité de Contrôle Prudentiel et de Résolution' (the "ACPR") and subject to its supervision and that of the Financial Markets Authority (the "AMF") to provide investment services, in particular those of 'Reception and Transmission of Orders' and 'Execution of orders on behalf of third parties'.

The Markets in Financial Instruments Directive (MiFID, 2014/65/EU) of 15 May 2014 requires from investment firms to take necessary specific arrangements, in terms of organization and controls, to prevent conflicts of interest and, when they cannot be avoided, to identify, manage and monitor them in order to avoid damaging clients' interests and should they arise, disclose these situations of conflicts of interest to the clients.

In accordance with article L. 533-10 of the Code Monétaire et Financier and with the provisions of article 312-45 of the AMF General Regulation, AXA IM IF has drawn up and is implementing a Conflicts of interest policy aiming at:

- Preventing any situation from implying a conflict of interest which contains a material risk of damaging the interest of the clients alongside the investment service provided;

- Defining the procedure to apply and the measures to take into order to manage those conflicts.

1. Introduction and definitions

Given its international spread, the plurality of the investment services offered and the multiplicity of investment expertises, the AXA IM Group and its affiliated companies (asset management companies and other investment service providers) may encounter, in the normal course of their activities, situations that can potentially generate conflicts of interest.

By "conflict of interest" we mean a situation whereby the interests of AXA IM IF, AXA IM IF's employees, a third-party delegates or a related company are, directly or indirectly, permanently or occasionally, in competition with the interest of one or several clients, or among those parties and may damage the interest of a client. It can also pertain to interclients conflicts.

An “interest” means an inducement or a source of benefit of any kind, material or immaterial, professional, commercial, financial or personal.

The term “clients” includes counterparties with whom AXA IM IF may undertake transactions and the entities which may receive a service from AXA IM IF.

More precisely, a conflict of interest can occur especially between a client and:

- Another client;
- AXA IM IF, or one of its collaborators (or any person or company directly or indirectly linked to them);
- A related company: one of its delegates or subdelegates, a service provider or another entity of the Group (AXA IM or AXA), an introducer or any commercial intermediary.

2. Conflicts of Interest Identification

The following situations imply a conflict that can damage the interest of the clients, whereby AXA IM IF or a related company:

- Is likely to make a financial gain, or to avoid a financial loss, at the expense of the client;
- Has an interest in the outcome of a service provided to the client, or of a transaction carried out on behalf of them, which is different from the client’s interest in that outcome;
- Is in possession of inside information or has a financial or other incentive to favor the interest of another client or group of clients over the interest of the client to whom the service is provided;
- Has an incentive to treat clients differently when the same professional activities are carried out;
- Receives or will receive from a person other than the client an inducement in relation to the service provided to the client, in a form other than the standard commission or fee for that service;
- Has an incentive, through their remuneration practices, to favor their own interests over those of the client;
- Has an incentive to favour one portfolio over another when both are managed by one individual e.g. favorably allocating to a client to the detriment of other clients;

- Has knowledge of client trading activity and use this for personal gain, including gain experienced by affiliated person(s) (e.g. family, spouse etc.)

3. Scope and General Framework

This policy rules the general framework of the conflicts of interest linked to the activities of AXA IM IF. This framework consists in the identification of potential conflicts of interest which could occur in the normal course of AXA IM IF’s activities. This also takes into consideration circumstances likely to generate conflicts of interest within the AXA IM Group in general, be these conflicts in relation to its structure or to activities carried out by other entities of the Group.

This framework consists in identifying and managing situations which could be detrimental to the clients:

- Through the mapping of the identified potential conflicts of interest, updated as often as necessary. It highlights the types of services provided by the company, or performed on its behalf, and describes the circumstances in which a conflict of interest, deemed to pose an appreciable risk of damage to the interests of one or several clients, is likely to occur;
- Through the appropriate management of those situations in order to avoid any significant impact on the interests of clients;
- Through the intervention of Senior Management in the most complex or sensitive cases;
- And, if such situations cannot be deterred and if the precautions undertaken can’t sensibly guarantee that client interest damage will be avoided, through upfront disclosure to those clients about the nature of the identified conflict.

In any case, AXA IM IF can refuse to intervene in circumstances where there is a risk to damage clients’ interests.

4. Prevention and management of the conflicts of interest

Prevention through local policies...

AXA IM IF has established, implemented and applies an effective local conflicts of interest policy. That policy is set out in writing and is appropriate to the size and organization of AXA IM IF and the nature, scale and complexity of its business.

The Risk Management, Compliance as well as the Internal Audit functions have been organized to operate efficiently with the appropriate levels of independence.

Conflicts of interest prevention is based on principles of good conduct, clearly set out in the AXA IM IF ' Code of Ethics that each employee agrees to have acknowledged when joining the company. In accordance with the Code of Ethics, employees must thus commit to:

- Maintain their independence of judgment and liberty of decision in carrying out their functions;
- Never accept actual or proposed inducements (except where those can qualify as Minor Non-Monetary Benefits) from anyone with whom AXA IM has a current or potential business relationship;
- Refrain from accepting any external function or remuneration without prior authorization from their Management and Compliance department;
- Refrain from personally negotiating or signing in the name of AXA IM IF or AXA IM Group, any transaction or service contract, sale or purchase of a company in which they possess direct or indirect holdings, without prior authorization from their Management and Local Compliance Department;
- Refuse gifts or personal benefits, other than those authorized by AXA IM rules;
- Refrain from undertaking any market operations in their own name outside of the restrictive rules and specific precautions laid down by AXA IM;
- Warn Compliance department about all material non-public information they might have access to;
- Refrain from taking any advantage from any material non-public information and, where it is the case, alert the relevant service to put in place the necessary precautions;

- Disclose, when hiring, then on regular basis and at any time of occurrence, all situations of conflicts of interest in which they may become involved, to their Management and Compliance Department.

Preventing conflicts and the resulting risks involves notably designing controls to identify and prevent them. These can take several forms depending on the conflict that is being addressed, and can involve the following mechanisms, amongst others:

- Implementing policies and procedures that either limit practices that result in conflicts or prescribe operating practices that ensure proper handling of clients' interests;
- Physically separating any functions where close proximity may lead to poor management of conflicts;
- Implementing measures to prevent the simultaneous or sequential involvement of a relevant person in separate services or activities;
- Ensuring that conflicts of interests are appropriately managed when using services provided by several entities within AXA IM and/or AXA Group;
- Implementing effective procedures to prevent or control the inappropriate exchange of information, which could include a physical barrier, document classification, security, and computer protections and/or confidentiality agreements.

The remuneration policy of AXA IM IF employees is covered by AXA IM Group remuneration standard and has been updated to comply with Regulation 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms (IFR) and Directive 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms (IFD).

... and global ones

The prevention of conflicts of interest is also embedded into global policies, set by AXA IM Group, which aim at ensuring that conflicts of interest are identified, avoided or managed and disclosed to the client in appropriate manner.

Dedicated policies also cover the concepts of integrity, equity, impartiality, respect of the professional secrecy and the pre-eminence of clients' interests.

Management of the conflicts

When it comes to handling conflicts, AXA IM IF will manage situations of conflicts of interest, potential or real based on:

- A global control mechanism established for each of the activities, designed for ensuring the prevention of conflicts of interests and the readiness of the corrective measures to be taken;
- A local risk management model based on three levels of control;
- The segregation of certain business lines or certain functions where permanent situations of potential conflicts of interests may arise. AXA IM IF has set-up measures for isolating teams and/or operations (separation of functions, information barriers , ...) so as to for example:
 - separate whenever possible the initiation of orders from the management of portfolios;
 - restrain information flows between certain employees in order to protect client interests.

This aiming at ensuring that these operations are carried out independently of any other operations likely to generate conflicts of interest.

- The upstream identification of any potential conflict when:
 - creating or changing reporting lines and/or job descriptions including when it could compromise controls achieved through segregation of duties or through the three levels of control risk management model;
 - new clients, new products, new systems or new procedures are being introduced, or with reorganisations of business lines.
- The identification of AXA group activities which could prevent AXA IM IF from acting in the interest of all its clients, in particular external clients of AXA Group;

- Insider lists: permanent and specific-event insider list are put in place to assess and monitor any potential misuse of inside information;
- Internal procedures which enforce the above;
- Appropriate escalations : once a conflict of interest has been identified, all the appropriate and relevant mechanisms and procedures are implemented in order to ensure it is properly managed and, if necessary, escalated to the right persons (including Senior management);
- Local and/or Global committees that can be involved in the processes to address adequately the conflicts and also to make sure that the appropriate measures to prevent them are taken. The decisions taken during these committees are archived and formally reported to the clients when deemed necessary.

All identified conflicts, and those that are likely to occur, are recorded in a Conflicts of Interest Register maintained by AXA IM IF Compliance department. The corrective actions are also described in this register.

In addition, the Conflicts Register and the Conflicts of Interests Policy are reviewed at least annually and approved by Management and presented in the AXA IM Paris Local Control Committee.

Training

All employees are trained and provided with the local conflicts of interest policy in order to provide them with the background and professional skepticism to face, identify and manage conflicts of interest appropriately.

Inducements

When providing investment services and activities and ancillary services, AXA IM IF does not pay to, or accept from any third party, or person acting on behalf of a third party (other than its client or a person on behalf of its client) any fees, commissions, or any monetary or non-monetary benefits in connection with the provision of its investment services and activities and ancillary services to its clients, except when:

- it is designed to enhance the quality of the relevant service to the client and does not impair compliance with AXA IM's duty to act honestly, fairly and professionally in the best interests of its clients (i.e. when it is considered an acceptable minor non-monetary benefit);
- it is third party research received and treated by AXA IM in accordance with relevant regulatory requirements.

Disclosure to clients

Should the framework for preventing and managing conflicts of interest reveal itself to be insufficient for guaranteeing with reasonable confidence that risks of damaging clients' interests can be avoided, AXA IM IF will inform the concerned clients of the nature and/or the origin of conflicts before delivering the service to them.

Disclosure will:

- Be made in a durable medium;
- Clearly state that the organisational and administrative arrangements established by the investment firm to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented; and

- Include sufficient detail, taking into account the nature of the client, to enable that client to take an informed decision with respect to the service in the context of which the conflict of interests arises and at least of the source or of the nature of the conflict of interests as well as the steps undertaken to mitigate these risks.

Different communication channels (e.g. website publication, communication by sales team) can be used to inform clients where organizational or administrative arrangements are insufficient to manage the conflicts of interests (complex or sensitive cases).

In the case of disclosure of information via website, clients will be notified of the address of the website and the place on the website where the information may be accessed.

Senior management's review

As described previously, Senior Management is involved in the resolution of conflicts when they are complex and/or sensitive. Senior Management is informed via Global and Local committees in place. AXA IM IF Compliance department ensures that the conflicts are properly escalated and reported to the proper persons and/or committees, including to Senior Management.