

Conflict of interests policy

AXA Investment Managers Paris

September 2019

This policy regulates the general framework of the conflicts of interest linked to the activities of AXA IM Paris. 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 Paris ("AXA IM Paris"), French affiliate of AXA IM Group which is regulated by the Autorité des Marchés Financiers (the "AMF") as a portfolio Management Company for third parties.

The Markets in Financial Instruments Directive (MiFID, 2004/39/EC) of 21 April 2004, Directive 2010/43/EU of 1 July 2010 implementing Directive 2009/65/EC (UCITS Directive) and Directive 2011/61/EU of 8 June 2011 (AIFMD) require from investment firms to take necessary specific arrangements, in terms of organization and controls, to prevent from conflicts of interests 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 interests to the clients.

In accordance with article L. 533-10 of the Code Monétaire et Financier and with the provisions of articles 313-18 to 313-28 et 318-12 à 318-15 of the Règlement Général de l'AMF, AXA IM 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 along the investment service providing process;
- Defining the procedure to apply and the measures to take in 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 expertise, 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 or a related company are, directly or indirectly, in competition with the interest of one or several clients. It can also pertain to inter-clients conflicts.

An "**interest**" means an inducement of any kind, material or immaterial, professional, commercial, financial or personal.

The term "**clients**" covers current or potential investors, whatever they are unit holders or shareholders of investment vehicles, or parties of an investment management agreement or advisory agreement.

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

- Another client ;
- AXA IM Paris, or one of its collaborators (or any person or company directly or indirectly linked to them) ;

- A related company : one of its delegates or sub-delegates, a service provider or another entity of the Group (AXA IM or AXA), an introducer or any commercial intermediary.

2. Conflicts of Interests Identification

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

- is likely to make a financial gain, or to avoid a financial loss, at the expense of the portfolio or its investors ;
- 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 an incentive, financial or not incentive to favor the interest of another client or group of clients over the interests 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 collective portfolio management activities 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.

3. Scope and General Framework

This policy rules the general framework of the conflicts of interest linked to the activities of AXA IM Paris. This framework consists in the identification of potential conflicts of interest which could occur in the normal course of AXA IM's activities, be these activities linked to asset management or any other activity. 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 interests, updated as often as is 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 the 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 concerned clients about the nature of the identified conflict.

In any case, AXA IM Paris can refuse to intervene in circumstances where the risk of damage to clients' interests.

4. Prevention and management of the conflicts of interests

Prevention through local policies...

AXA IM Paris 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 Paris and the nature, scale and complexity of its business.

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

Conflicts of interests prevention is based on principles of good conduct, clearly set out in the AXA IM Paris' **Code of Ethics** that each employee agrees to have

acknowledged when entering in 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 ;
- Refrain from accepting any external function or remuneration before receiving prior authorization from their Management and from the Compliance department ;
- Refrain from personally negotiating or signing in the name of AXA IM Paris 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 Paris own rules ;
- Refrain from undertaking any market operations in their own name outside of the restrictive rules and specific precautions laid down by AXA IM Paris ;
- Warn Compliance department about all material non-public information they might have access;
- Refrain from taking any advantage from any material non-public information and, where 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 interests in which they may become involved, to their Management and Compliance Department who will take upon themselves, in association with the concerned people, the responsibility for resolving the difficulties.

All employees are trained in order to provide them with the appropriate background and professional scepticism to face and identify conflicts of interest.

When the adoption of application of one or more measures and procedures does not ensure the requisite degree of independence, AXA IM Paris adopt such alternative and additional procedures.

The remunerations of AXA IM Paris' employees are covered by AXA IM Group remuneration standard and has been updated to become compliant with Directive 2011/61/EU of the European Parliament and the Counsel of 8 June 2011 on Alternative Investment Fund Managers.

... and global ones

The prevention of conflicts of interests 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**. In particular, the strategy for the exercise of the voting rights is handled at AXA IM Group level, and is updated and available on the website of AXA IM Group.

Management of the conflicts

When it comes to handling conflicts, AXA IM Paris will manage situations of conflicts of interests, 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 Paris has set-up measures for isolating teams and/or operations (separation of functions in the portfolio management process, Chinese walls, ...) so as to :
 - Make independent whenever possible the initiation of orders and the execution process of the orders ;
 - Restraining 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 interests.

- The **upstream identification** of any potential conflict when:
 - creating or changing reporting lines and/or job descriptions including whether 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 management of the interests of **individual investors in each of the Client Funds** as well as the interests of the Client as a whole, including consideration of the sometimes conflicting interests of different investors within a fund ;
- **Insider lists** : permanent and specific-event insider list are put in place to assess and monitor any potential misuse of inside information ;
- **Internal procedure** 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 that the conflicts are properly managed and, if necessary, escalated to the correct persons (including Senior management) ;
- **Local and/or Global committees** can be involved in the processes to address adequately the conflicts and also to make sure that the appropriate measures to prevent conflicts of interest are taken ;
- The decisions taken during these committees are archived and formally **reported** to the portfolios investors when deemed necessary.
- All identified conflicts, and those that are likely to occur, conflicts are recorded in a Conflicts of Interest **Register** maintained by AXA IM Paris Compliance department. The corrective actions are also described in this register.

In addition, the Conflicts Register and the Conflict of Interest Policy are reviewed at least annually by AXA IM Paris Local Control Committee.

Disclosure to clients

Should the framework for 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 Paris will inform the concerned clients of the nature and/or the origin of conflicts before delivering the service to the clients.

Disclosure must:

- Be made in a durable medium ;
- 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 interest arises.

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

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

Senior management's review

As described previously, the Senior Management is involved in the resolution of conflicts when those ones are complex and/or sensitive. The Senior Management is informed via Global and Local committees in place within the AXA IM Group. AXA IM Paris Compliance department has to ensure that the conflicts are properly escalated and reported to the proper persons and/or committees, including to Senior Management