
AXA Investment Managers Germany

Conflict of interest policy

September 2021

1. Introduction and definitions

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), Directive 2011/61/EU of 8 June 2011 (AIFM Directive) and KAGB § 27 require from investment firms to take necessary specific arrangements, in terms of organization and controls, to prevent and, when they cannot be avoided, to identify, manage and monitor in order to avoid damaging their interests and should they arise, disclose these situations of conflicts of interests to the clients.

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 (portfolio managers and other investment firms), may encounter, in the normal course of their activities, situations that can potentially generate conflicts of interest.

By “conflict of interests” we mean a situation whereby the interests of AXA IM, its subsidiaries, its delegates or its employees, are directly or indirectly in competition with the interests of its clients. It can also pertain to inter-client conflicts.

The term “clients” covers actual or potential investors, whatever they are unit holders or shareholders of investment vehicles or parties of an investment management agreement or advisory agreement, as well as the portfolios managed on behalf of one or several investors.

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

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

- Another client
- AXA IM DE, one of its collaborators or delegates
- A service provider of AXA IM DE
- Another entity of the group (AXA IM or AXA)

2. Conflict of interest identification

If the behaviour of AXA IM DE, its collaborators or its delegates is contrary to the respect of the interests of the clients, there may be a conflict of interests.

The following situations imply examples of a conflict that can damage the interest of the clients:

- AXA IM DE or one of its collaborators is likely to make a financial gain, or to avoid a financial loss, at the expense of the portfolio or its investors;
- AXA IM DE or one of its collaborators has an interest in the outcome of a service or an activity provided to the portfolio or its investors or to a client, or of a transaction carried out on behalf of it, which is distinct from the portfolio's interest in that outcome;
- AXA IM DE or one of its collaborators is in possession of inside information or has an incentive, financial or other incentive to favour the interest of another client or group of clients over the interests of the client to whom the service is provided;
- AXA IM DE or one of its collaborators has an incentive to treat clients differently when the same professional activities are carried out;

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- AXA IM DE or one of its collaborators receives or will receive from a person other than the client an inducement in relation to collective portfolio management activities provided to the portfolio, in the form of monies, goods or services other than the standard commission or fee for that service.
- AXA IM DE or one of its collaborators has an incentive, through their remuneration practices, to favour their own interest over those of the client

3. Scope and general framework

This policy regulates the general framework of the conflicts of interest linked to the activities of AXA IM DE, German affiliate of AXA IM Group which is regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin") in undertakings for collective investments as an asset management company.

The current framework is focused on situations likely to occur in the due course of AXA IM DE carrying out its normal activities, whether those services are provided under the banner of main activities, ancillary activities or other 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 of situation which could be detrimental to the clients:

- Through the mapping of risks of conflicts highlighting the types of services or activities for 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 the situation in order to avoid any significant impact on the interests of investors;
- 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, then through upfront disclosure to concerned clients about the nature of the identified conflict.

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

4. Prevention and management of the conflict of interest

Prevention

AXA IM DE has established, implemented and applies an effective conflicts of interest policy. That policy is set out in writing and is appropriate to the size and organization of AXA IM DE and the nature, scale and complexity of its business. The activities of the AXA IM DE are also supported by global policies set out by the AXA IM Group, which aim at ensuring that conflicts of interest are properly addressed by its collaborators, its delegates and sub-delegates. Dedicated policies also cover the concepts of integrity, equity, impartiality, respect of the professional secrecy and the pre-eminence of clients' interests. 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.

The Risk Management, the Portfolio Management as well as the Internal Audit functions have been designed to operate efficiently with the appropriate levels of independence. The segregations of these operating units are covered by dedicated policies.

Conflicts of interests prevention is based on principles of good conduct, clearly set out in the AXA IM DE' Code of Ethics that each employee agrees to have acknowledged when entering in the company.

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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 DE 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 DE 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 DE;
- 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 it is the case, alert the relevant service to put in place the necessary precautions
- Disclose, at 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.

To allow its operating staff to detect and prevent potential conflicts, all employees are trained in order to provide them with the appropriate background and professional skepticism 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 DE should adopt such alternative and additional procedures.

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

Management of conflicts

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

- A 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;
- The segregation of certain business lines or certain functions. Where permanent situations of potential conflicts of interests may arise, AXA IM DE will set-up measures for isolating teams and/or operations (Chinese walls):
 - 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 conflict of interests
- **Insider lists:** permanent and specific event insider list are put in place to assess and monitor 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

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procedures are implemented in order to ensure that the conflicts are properly managed and 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 when deemed necessary.
- Real conflicts of interest detected or likely to occur and the corrective measures implemented, on activities or parties linked to or on behalf of AXA IM DE, are recorded in an up-to-date register.

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 DE 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;
- Be recorded on the client file;
- Be reported to the Senior Management.

Different communication channels (e.g. website publication, communication by sales team, notification letter sent by transfer agent) can be used to inform the investors 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, the investors must be notified of the address of the website and the place on the website where the information can be accessed.

5. Senior Management 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 DE Compliance department has to ensure that the conflicts are properly escalated and reported to the proper persons and/or committees, including to Senior Management.