

# **AXA Investment Managers Paris**

## **Conflict of Interests Management Policy**

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### **1. INTRODUCTION AND DEFINITIONS**

Given its international spread, plurality of the investment service offer and multiplicity of investment expertises, the AXA IM Group and its affiliated companies (portfolio managers and other investment firms), are likely to 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 or its personnel, are directly or indirectly in competition with the interests of its clients. It can also pertain to inter-client conflicts.

Under the Markets in Financial Instruments Directive (MiFID) of the 21<sup>st</sup> of April 2004, of which the rules become effective as of the 1<sup>st</sup> of November, Investment service companies are required to take all necessary measures in terms of organisation and control, in order to manage all situations where conflicts of interests may jeopardize the interests of their clients.

By 'interest' we mean an advantage whatever its nature, be it material or immaterial, professional, commercial, financial or personal.

### **2. FRAMEWORK AND SCOPE OF APPLICATION**

The aim of the current policy is to set the general framework for the management of conflicts of interests by AXA Investment Managers Paris, the French subsidiary of AXA Investment managers, authorized by the French AMF regulator to operate as a third party portfolio management company.

The goal of this framework is to ensure protection to its clients in reasserting the principle of client interest pre-eminence, the will to deal with each and every client on a fair basis and the transparent disclosure to clients of complete and adequate information.

The system is designed to identify potential situations of conflict, encountered by AXA Investment Managers Paris and/or Group entities and/or its employees in the course of their activities, likely to jeopardize the interests of its 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 client, is likely to occur.
- ❖ Through appropriate management of the situation in order to significantly deter damage of any sort to client interests.

- ❖ Through senior management involvement in the most sensitive and complex situations.
- ❖ 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 Paris can refuse to lend cause to circumstances where the risk of damage to client interests is judged unacceptable.

The current framework is focussed on situations likely to occur in the due course of AXA IM Paris carrying out its normal activities, whether those services are provided under the banner of main activities, ancillary activities or other activities.

When organisational procedures fail to guarantee with reasonable certainty that the risks of jeopardising client interests can be avoided, prior to any action in the name of the client, the company will clearly inform its clients of the nature and/or origin of the conflicts of interest.

This also takes into consideration circumstances likely to generate conflicts of interest within the AXA Group in general, be they conflicts in relation to its structure or to activities carried out by other entities of the group.

### **3. PROCEDURE FOR THE PREVENTION AND MANAGEMENT OF CONFLICTS**

#### **3.1 Prevention**

The prevention of conflicts of interests is enshrined within the principles of the Code of good conduct which in turn are clearly asserted in AXA Investment Manager Paris's own Code of Compliance, the code that each employee must acknowledge upon joining the company.

Integrity, equity, impartiality, respect of professional secrecy and the primacy of client interests are rules to which the employees of AXA Investment Managers Paris must comply.

Under the Code of Compliance, employees must thus commit to:

- Maintaining their independence of judgement and liberty of decision in carrying out their functions,
- Refrain from accepting any external function or remuneration before receiving prior authorisation from their Management and from the Compliance Department,
- Refrain from personally negotiating or signing in the name of AXA IM, any transaction or service contract, sale or purchase of a company in which they possess direct or indirect holdings, without prior authorisation from their Management and Compliance Department,
- Refuse gifts or personal benefits, other than those authorised by the Company's own rules,

- Refrain from undertaking any market operations in their own name outside of the restrictive rules and specific precautions laid down by the Company,
- 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.

### **3.2 Management of conflicts**

When it comes to handling conflicts, AXA Investment Managers Paris 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 Paris has installed standing measures for isolating teams and/or operations (Chinese walls).
  - Aimed at restraining information flows between certain employees in order to protect client interests,
  - In order to ensure that these operations are carried out independently of any other operations likely to generate conflicts of interests.
- Internal procedures which enforce the above.

### **3.3 Client disclosure**

Should the framework for managing conflicts of interest reveal itself to be insufficient for guaranteeing with reasonable confidence that risks of damaging client interests can be avoided, AXA Investment Managers Paris will inform the concerned clients of the nature et/or the origin of conflicts before delivering the service to the clients.

Disclosure will

- a) be made in a durable medium;
- b) 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
- c) be recorded on the client file
- d) will be added to the management reporting pack for future review and follow up

#### **4. Senior Management Review**

Senior Management are involved at every stage of discharging the responsibilities with regard to conflicts of interest. Specifically, they were involved in:

- 1) creating this policy
- 2) reviewing the range of conflicts
- 3) have methods to be alerted to real or potential conflicts arising (MI)
- 4) track resolution of conflicts and their causes