



## CONFLICT OF INTEREST POLICY

Name of The Policy	<b>CONFLICT OF INTEREST POLICY</b>
Prepared By	<b>Compliance Department</b>
Approved By	<b>Board of Directors</b>
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## **Introduction**

This Policy sets out the principles and guidelines for identifying, managing, recording and, where relevant, disclosing existing or potential conflicts and protecting the interests of its clients.

All employees and relevant persons are responsible for identifying actual or potential conflicts of interest and managing and mitigating those conflicts fairly and in accordance with this Policy. Any concerns or queries about actual or potential conflicts must be discussed with the Compliance Officer in the first instance.

The Compliance Officer is responsible for maintaining the Policy, the recording of conflicts, monitoring adherence to the Policy and periodic reporting to the Board.

## **Applicability**

The Policy applies to the Company ("Axis Capital Limited /ACL/ Company"), its employees, Non Executive and Wholtime Directors, and other relevant personnel that maybe identified.

This Policy should not be read in isolation and individuals should refer to the Company's Compliance Policy and Prevention of Insider Trading Policy.

Potential areas of conflict may vary depending on the situations; Spirit of our approach for conflict resolution is appropriately captured in situations envisaged and illustrated in this policy. The same approach and spirit should be adhered to while dealing with any unspecified conflict situation that may arise. In case of doubt or additional clarifications you are requested to consult with Compliance in devising appropriate mitigation and disclosure policy for the same.

## **Definition**

A "conflict of interest" exists when a person in a position of trust has competing professional or personal interests.

Conflict of Interest includes, but is not limited to, a director or an employee who is a party to, or who is a director or an employee of, or who has a material interest in, any person who is a party to a contract or transaction or proposed contract or proposed transaction with ACL. It also means any situation that could reasonably be expected to impair their ability to render unbiased and objective advice/decision/recommendation or that could reasonably be expected to adversely affect that person's duty to ACL. Conflict of Interest may arise where an employee places his or her personal interests before the interests of ACL and where such personal interests unduly influence that employee's business judgements, decisions, or actions. Failure to manage such situations may have serious ethical risks as well as legal and regulatory consequences.

Conflicts of interest involve a failure by the Company to act in the best interests of its client and will typically involve a material risk of damage to the interests of that client. Either the Company (and connected persons or other members of the Company) may gain a benefit at the expense of a loss or disadvantage to a client; or one client may gain a benefit at the expense of a loss or disadvantage to another client. When assessing a potential conflict of interest, we must consider whether it:

- (1) is likely to make a financial gain, or avoid financial loss, at the expense of the client
- (2) has a distinct interest in the outcome of the service provided to the client or of a

transaction carried out on behalf of the client.

- (3) has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client
- (4) carries on the same business as the client, or
- (5) receives, or will receive, from a person other than the client an inducement in relation to the service provided to the client, in the form of monies, goods or services, other than the standard commission fee or fee for that service.
- (6) when an individual has a position of authority in one organization which conflicts with his or her interests in another organization
- (7) When an individual has personal interests that conflict with his/her professional position

Examples of potential conflicts of interest may include, but are not limited to, the following:

Misuse of information	Individuals with knowledge of trading activity may potentially front run the dealings. Individuals may potentially misuse information obtained during the course of their employment to trade for their personal account.
Multiple involvement	Axis Group may act as Trustee to investors on a debt security and also act as alender to the security issuer that it may create a conflict of interest between its obligation as Trustee and proprietary interest.
Remuneration	Individuals may act unfairly between clients if their remuneration structure encourages them to favour one fund over another.
Proprietary Trading	The Company may trade its proprietary positions in a security when at the sametime it has information about future transactions with clients in relation to that security.
Research	Research staff may hold securities which they are recommending to traders and assuch may misuse the research for their own account. The Company, may provide investment research in relation to an entity or group to which it also provides corporate finance advisory services.
Inducements	Employees could be unduly influenced by gifts from counterparties resulting onthem doing business on basis of entertainment/gifts, rather than on what would be deemed best for client.
Allocation	While recommending a discretionary allocation, issues of allocation and aggregation between the clients and funds may arise.
Dealing Commission	Additional costs are borne by the funds which are not demonstrated in monetary terms or two funds are

	paying for services which are only being used for one fund.
Best Execution	Risk that the Company may get a better price for one fund than the other.
Side Letters	One client has side letter in place which gives it preferential treatment over another client.
External Interests	Employees may have other business which would mean that they may not potentially devote enough time to the funds.
Gifts and Special favours	Accepting special favours as a result of your position with the Company from any person or organization with which the Company's has a current or potential business relationship.
Competition with the Company	Competing with the Company for the purchase or sale of property, services, or other interests.
Competing clients	May seek to make investments for its own account in securities in which our client also seeking to invest.
Conflict between clients	May provide advisory services to a client on a transaction and at the same time provide financing to another client on the same transaction where the two clients have separate and/or competing interest.
Acquiring interest in transaction	Acquiring an interest in a transaction involving the Company, a customer, or supplier (not including routine investments in publicly traded companies).
Personal Loan	Receiving a personal loan or guarantee of an obligation as a result of your position with the Company.
Nepotism	Directing business to a supplier owned or managed by, or which employs, a relative or friend.
Preferential allocation to more profitable clients	Prefer certain clients over others based on personal ties or the promise of future business.
Pricing- Under-pricing or over pricing	As the intermediary is dealing with both the sides of the market- the issuer and the investor, it may favor one side over the other in terms of pricing.
Advising the seller and the buyer in the same transaction	Advising buyer/ seller in the same corporate finance transaction like M&A deal.
Advising multiple bidder in the same transaction	Advising multiple bidder in the same transaction would be a conflict.

**Conflicts of interest arising out of personal Investments:**

While undertaking personal investments, it should be borne in mind that such investments should not:

1. Affect or appear to affect your ability to make unbiased business decisions for ACL.
2. Be contrary to ACL's interests ( e.g., using proprietary knowledge obtained through the course of employment to make investments that are not in the best interest of ACL.
3. Be in the businesses of ACL's clients or stakeholders that could cause divided loyalty, or even the appearance of divided loyalty.

**Conflicts of interest through outside business activities:**

Due to potential conflicts with the Company, you must obtain approval from competent authorities/Dept. of ACL before you accept a position as a Director of an unaffiliated for-profit company or organization or when you work with a professional organisation/ association outside ACL.

Working with professional organizations/ associations does not typically create a conflict of interest where:

1. The work is related to the legitimate professional interest and development of the employee and does not interfere with the employee's regular duties.
2. Does not use official resources inappropriately (either physical resources or time).
3. Does not compete with the work of the Company and is not otherwise contrary to the best interests of the Company.
4. Does not violate national, international, or local law.

It may however be mentioned that, while undertaking outside activities, you should not use Company's name, facilities, or relationships for personal benefit. Further any employee accepting an appointment, as Director of an unaffiliated for-profit company/ organisation must ensure proper treatment of confidential information received from such entity in connection with being a Director.

Every employee of the Company has a responsibility to the Company, its stakeholders and to each other. Although this duty does not prevent them from engaging in personal transactions and investments, it does demand that they avoid situations where a conflict of interest might occur or appear to occur. They are expected to perform their duties in a way that they do not conflict with the ACL's interest, such as:-

Employment/Outside Employment - The employees are expected to devote their total attention to the business interests of the Company. They are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Company or otherwise is in conflict with or prejudicial to the Company.

**Conflicts of interest through Pro Bono or other outside Business activities:**

1. Due to potential conflicts with the Company, the employee/ Director must obtain

approval from the Chief Ethics Officer of the Company before accepting a position as a director of an unaffiliated for-profit company or organization or when the employee / Director work with a professional organisation / association outside Axis Bank Group.

2. Working with professional organisations / associations does not typically create a conflict of interest where:

- a. The work is related to the legitimate professional interest and development of the employee / Director and does not interfere with the employee's / Director's regular duties.
- b. Does not use official resources inappropriately (either physical resources or time)
- c. Does not compete with the work of the Company and is not otherwise contrary to the best interests of the Company.
- d. Does not violate national, international, or local law.
- e. It may however be mentioned that, while undertaking outside activities, Company's name, facilities, or relationships should not be used for personal benefit. Further any employee accepting an appointment, as director of an unaffiliated for-profit company / organisation must ensure proper treatment of confidential information received from such entity in connection with being a Director.

### **What to do if you face a potential conflict?**

Basically, immediately on occurrence or noticing a conflict, an employee must do the following:

- (a) Disclose the Conflict to his immediate supervisor;
- (b) Abstain from handling or influencing on the subject in any manner
- (c) Refrain from influencing others on the matter
- (d) Take steps to avoid conflict in future

All employees must comply with the operating controls and procedures established in their department. If you are unsure whether a conflict exists, or require guidance on the mitigating controls, consult with your Compliance Officer.

Employees must ensure that they obtain permission from the Compliance Officer prior to entering into an agreement that could potentially conflict with the Company's duties to its clients. Furthermore, upon request, employees must supply appropriate information to assist in the identification of potential conflicts.

A Conflict Disclosure form is available for use where you believe you are conflicted (see Appendix 1). Complete the form and forward it to the Compliance Officer, who will review it and reply to it.

Employees must also governed by the Code of Conduct which especially deals with restrictions relating to use of information, making appropriate disclosures to the client etc. Employees must comply with the other policies formulated to ensure and avoid conflict of interest situations.

### **Declaration of external interests**

Each person to whom this policy applies must declare all external interests. These include:

- Directorships (paid or unpaid)
- Partnership interests
- Proprietary interests
- Consultancy arrangements
- Charitable trusteeships

- Shareholding\*

\*For declaration of personal equity holdings please refer to the Company's Personal Trading and Code of Conduct Policy.

If individuals are in doubt as to whether a particular activity or interest requires disclosure, the Compliance Officer should be consulted.

### **Roles and Responsibilities**

All employees and other individuals have a responsibility to be aware of the potential for a conflict of interest. It is likely that individuals will encounter potential conflicts of interest from time to time. Such situations must be carefully managed to ensure that any conflict of interest does not detrimentally impact on the standards of, or public confidence in the Company

### **Company Level – responsibility of the Board and Senior Management**

- 1 The ultimate responsibility for the management of potential and actual conflicts of interest rests with the Board.
- 2 Senior managers are responsible for communicating the Conflict of Interest Policy to all relevant individuals within their areas of responsibility on an annual basis.
- 3 Senior managers are responsible for ensuring that conflict of interest training of all staff takes place, including as part of induction.
- 4 Senior managers are responsible for ensuring that audits are carried out to test understanding and implementation of the Conflict of Interest Policy.
- 5 The Compliance Officer is responsible for reporting all actual or potential conflict of interest, including those identified by the Business Assurance Group when dealing with specific audits or investigations, to the Board.
- 6 The Compliance Officer is responsible for deciding when and how matters relating to potential or actual conflicts of interest will be escalated within the business, including when they are reported to the Board and to the regulator/s.

### **Individual Responsibility**

- 1 It is the responsibility of every Designated Employee to adhere to the Conflict of Interest Policy and any guidelines.
- 2 The most important feature of the policy is the requirement that an individual disclose any activity if there is any doubt whether or not it represents a conflict of interest: if in doubt, report it!
- 3 It is an individual's responsibility to ensure that they take part in conflict of interest training.
- 4 Where there is a potential or actual conflict of interest the individual and line manager are responsible for ensuring that the issue is documented carefully. The line manager must either resolve the issue or escalate it to the relevant Director and/or the Compliance Officer. All records are required to be available for audit purposes.
- 5 An individual is required to communicate any issues he feels is urgent immediately to the Compliance Officer's office. This may be done in confidence. It is an individual's responsibility to raise concerns relating to conflict of interest directly with the Compliance Officer's office and the individual is entitled to receive a response to their concerns. It should be noted that individuals are protected under the company's Whistle blowing Policy.

## **Do's and Don'ts**

### **Do's**

- a) Act in the best interests of the Company and its customers and handle activities, interests, or relationships in a sensible manner
- b) Handle conflicts of interest as per applicable Conflicts of Interest Policy.
- c) If any employee Director is aware of any circumstance which may give rise to a conflict of any kind, or if the employee / Director becomes aware of information which places them in difficulty in carrying out their function (for example, if the employee obtains confidential information about a company), the employee must handle the same as per the conflict of interest policy.
- d) The employee / Director would be expected to be sensitive to any activities, interests or relationships that might interfere with or even appear to interfere with his/ her ability to act in the best interests of the Company.
- e) Protect the interest of the Company, its assets and brand, and discharge duties with utmost integrity, honesty, devotion, and diligence.
- f) Maintain good conduct and discipline and show courtesy and attention to all persons in all transactions and negotiations.
- g) Perform all official duties and exercise the powers conferred, within the corporate objectives of the Company.
- h) Ensure integrity and devotion of all persons reporting under your authority and control.

### **Don'ts**

- a) Undertake personal or outside activities or involve in any financial transaction with colleagues, customers or suppliers that would create conflicts of interest.
- b) While dealing with customers and vendors, the employees are prohibited to demand, seek, or accept any benefit, financial or otherwise, in lieu of any service being provided, or proposed to be provided to any existing or prospective customer and vendors.

## **Guiding Principles**

The following four principles should guide and underpin the development of systems, policies and procedures to manage conflicts of interest:

### **1. Protecting the customer interest**

Serving the client interests should be the central focus of all employees. Ensuring that the customer interest is not compromised should be the overriding objective of any conflicts of interest management strategy. In doing so, they should act within the limits of their proper roles, and focus on the merits of each case without regard for private interests, personal attitudes or opinions. In order to meet their duty obligations, all employees must not only act within the law but must also apply broader public service values such as impartiality, integrity and serving the overall public interest.

### **2. Supporting transparency and accountability**

Conflicts of interest must be seen to be managed fairly and effectively. To achieve this, the processes for identifying, disclosing and managing conflicts of interest must be transparent—that is, the processes should be open to scrutiny and help maintain accountability.

Strategies such as the registration of interests, and the non-assignment of tasks or duties that involve a conflict of interest are useful in this context. Disclosure of private interests or affiliations that could compromise, or be seen to compromise, the unbiased performance of an



employees work is the first step towards the effective management of the conflict. By taking a consistent and open approach to resolving or managing conflicts, organizations will encourage staff to follow policy and procedures. If all the stakeholders are aware of the organization's policies and procedures for managing conflicts of interest they can be more confident that the organization and its employees will not act prejudicially or improperly.

### **3. Promoting institutional and individual responsibility and personal example**

All employees are individually responsible for arranging their private affairs as far as reasonably possible, to prevent conflicts of interest arising. Managers have an additional role in setting an example to their staff by demonstrating commitment to established policies and procedures.

### **4. Building a supportive organizational culture**

Management is also responsible for providing and implementing a policy environment that helps and encourages effective decision making when conflicts of interest arise. Organizations can provide, implement and promote management policies, processes, and practices that create and sustain a culture of integrity and openness by:

- Assisting staff with guidance and training to promote understanding of the established rules and practices, and their application to the working environment.
- Encouraging open communication and dialogue so that staff are comfortable disclosing and discussing conflicts of interest in the workplace.
- Protecting information about disclosed conflicts of interest from misuse by others including staff in any development or change in organizational policies and procedures, to encourage ownership and adherence.

#### **Record keeping**

Upon request, employees must supply appropriate information to assist in the identification of potential conflicts.

The Compliance Officer will maintain an up to date Record of Conflicts and will maintain associated records in keeping with the Regulatory guidelines.

#### **Record of conflicts and mitigating controls**

The Company's will use a number of administrative and organizational arrangements to mitigate any actual or potential conflicts including:

- **Chinese walls\*** to prevent or control the exchange of information between employees engaged in activities involving a risk of conflict of interest where the exchange of that information may harm the interests of one or more clients.
- **Functional independence** and separate supervision of relevant employees whose main functions involve carrying out activities or providing services for clients whose interests may conflict, or otherwise represent interests that may conflict.
- **Detailed disclosures** would be made to client when the Company's is not reasonably confident that the mitigating measures taken up by it are adequate to resolve any conflicts of interest that may arise.
- A **review of remuneration arrangements** in the Company's where these might give rise to conflicts of interest in relation to the activities or services provided by the relevant employees.

- **Reassignment of employees** to prevent or control the simultaneous or sequential involvement of relevant employees in separate services or activities where such involvement may impair the proper management of conflicts of interest.
- **Policies** covering gifts and entertainment, PA dealing and external interests.

*\*For further information on Chinese Walls please refer to the Insider Trading Policy in detail.*

## **Disclosure**

When the Company is not reasonably confident that the mitigating controls it has implemented will prevent loss to its client(s), the Company is required to disclose clearly to the client the general nature and sources of conflicts before undertaking the client business.

Disclosure does not exempt the Company from implementing mitigating controls but should be used in those instances where the controls do not give management a reasonable level of confidence that the client will not suffer a loss from the conflict.

Most of the Regulatory regime requires that disclosure is made in a durable medium and with sufficient detail, taking the nature of the client into account, to enable them to make an informed decision about the service.

Disclosure may be made via the following means:

- Reports
- Website
- Terms of business

## **Periodic review**

The Record of conflicts is formally reviewed on an annual basis and presented to the directors for review and approval.

The Compliance officer will monitor the Record of Conflicts regularly to ensure it remains up to date and the mitigating internal controls remain effective.

## **Exception**

Any Exception to these Policy guidelines requires the approval of the Compliance Officer.

## Appendix 1

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**Conflicts of Interest Policy:  
Conflict Disclosure Form (Internal)**


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Name:	
Department:	
Manager:	
Type of conflict:	(1) Between the Company's and client(s)  (2) Between one client and another client (or clients)
Describe the nature of the conflict:	
How did the conflict arise?	
Describe any potential mitigating controls to resolve the conflict	

Signed:\_\_\_\_\_Date\_\_\_\_\_

**Compliance Review**

Conflict on Company (Yes/No):	
Record of conflicts updated (Yes/No):	
Mitigating controls implemented (Yes/No):	
Conflict monitoring updated (Yes/No):	
Disclosure update required (Yes/No):	

Signed:\_\_\_\_\_Date\_\_\_\_\_