



CONFLICT OF INTEREST POLICY

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1. INTRODUCTION

LIC Mutual Fund Asset Management Limited (“the AMC”) is an investment manager to LIC Mutual Fund (“the Fund”). The AMC is responsible for managing the schemes launched by LIC Mutual Fund.

1.1 SCOPE

All mutual funds need to abide by the general SEBI guidelines to identify and avoid or manage the actual or potential conflict of interest. Additionally, mutual funds are also required to follow the [SEBI Stewardship Code](#), in relation to its investments in listed equities.

As per the Stewardship Code, an institutional investor should have a clear policy on how they manage conflict of interest in fulfilling their stewardship responsibilities and publicly disclose it.

The Conflict of Interest Policy is intended to provide a framework for conducting operations of LIC AMC, with guiding principles of fair practice and summarizing key conflicts of interest.

1.2 OBJECTIVE

The objectives of this policy are:

- To ensure that policies and procedures are in place in LIC AMC to address potential areas of conflict as well as to ensure compliance with relevant regulatory requirements.
- To provide guidance to LIC AMC and ‘[Relevant Persons](#)’ on the identification and management of conflicts of interest.
- To manage conflict of interest in fulfilling the stewardship responsibility of the AMC. The policy addresses how matters are handled where the interest of investors or beneficiaries diverges from the interest of the organization.

1.3 TARGET AUDIENCE

- This policy should be available to the management and employees of LIC AMC along with the approval of the Compliance department.
- The contents of this policy must be read and understood by the concerned employees of the department carefully and implemented accordingly.

2. LIST OF ACRONYMS USED

Acronyms	Full Form
AMC	Asset Management Company
AML	Anti-Money Laundering
BOD	Board of Directors
CCO	Chief Compliance Officer
CFO	Chief Financial Officer
CRO	Chief Risk Officer
RPT	Related Party Transaction
SEBI	Securities and Exchange Board of India

3. RELEVANT PERSONS

In the context of this policy, 'Relevant Persons' includes Directors, Employees, or representatives of LIC AMC.

4. KEY AREAS OF CONFLICT OF INTEREST

Conflicts of interest arise when 'Relevant Persons', find themselves in one or more of the following situations while providing services which could damage the interests of investors, wherein they:

- May have a financial gain, or avoidance of a financial loss, at the expense of or negatively impacting the investor,
- May have an interest in the outcome of a service provided or in a transaction carried out on behalf of the investor, which differs from the investor's interest,
- Have a financial or other incentive to favor the interests of another investor or group of investors at the expense of their current investor,

5. GUIDELINES FOR APPROACHING CONFLICT OF INTEREST

LIC AMC shall adhere to the following guidelines to avoid, deal, or manage the conflict of interest.

- Always maintain high standards of integrity in the conduct of their business.
- Provide fair treatment to their investors and not discriminate amongst them.
- Ensure that the Relevant Persons' personal interests do not conflict with the duties to their investors and that the investor's interests are always paramount in their advice, investment decisions, and transactions.
- Not disclose any possible source or potential areas of conflict of interest to the investor.
- Have information barriers to block the flow of information from one department/unit to another.
- Ensure non-occurrence of any event, circumstance or situation that may impair their ability to render fair, objective, and unbiased services to their investors.
- Ensure that the 'Relevant Persons' do not conduct business in any manner that would be harmful to the investors.
- Investor information obtained as a result of their dealings should not be shared/used for personal gain or for any other purpose.
- Not to deal, transact, advise, and/or conduct the business in any manner that would violate any applicable law.

In order to ensure compliance with the aforesaid guidelines, LIC AMC has in place various internal policies like Trade Execution and Allocation policy, Inter Scheme Transfers policy and Outsourcing policy. The AMC continuously reviews conflicting situations to keep its policies and procedures updated to address such situations.

6. CONTROL AND PREVENTION OF CONFLICT OF INTEREST

The conflicts of interest are monitored and mitigated through various governance measures and processes, including the following:

- The BODs of LIC AMC reviews the overall functioning of the company.
- Conflicts of interest are monitored and mitigated through various policies adopted and implemented such as:
 - **Employee Handbook**, which governs minimum ethical requirements expected from the employees. A violation to this may result in appropriate disciplinary action.
 - **'Related Party Transaction Policy'**, which governs all the RPTs with group entities and defines norms for arms' length transactions, process of approvals and reporting.
 - **'Investment Manual'**, which governs restrictions and processes relating to investment and dealing in securities.
 - **'Risk Management Policy'**, which mitigates overall AMC and Scheme level risks and conflicts.

The above-mentioned policies and processes have been implemented for the respective functions and areas, which takes care of the segregated and independent functioning and also addresses risk mitigation if any.

7. MANAGING CONFLICT OF INTEREST

Where the areas of conflicts are identified, LIC AMC is committed to have appropriate measures to mitigate the conflicts, including but not limited to the following:

7.1 RELATED PARTY TRANSACTIONS

- All RPTs between affiliates / related parties would be executed at arm's length and should be properly documented basis the RPT policy adopted by LIC MF AMC.
- The CFO and CCO will be responsible for maintaining proper records and disclosures for RPTs.

7.2 SEGREGATION OF DUTIES

- Segregation of duties is critical because it ensures the separation of different functions and defines the authority and responsibility for processes and transactions, in an effective internal control.
- One single employee should not be responsible to initiate, approve, and review the same action. This role should be segregated amongst employees to reduce conflicts of interest.
- A detailed supervisory review and monitoring of activities is required.

7.3 CHINESE WALLS

- Chinese walls are an important security feature, as they create a virtual barrier to block the exchange of information between departments in a company.
- In addition to maintaining the Chinese walls as prescribed by the SEBI Regulations, all employees must ensure that confidential information held by one part of the business is not used by persons in another part of the Business.

7.4 OFFICE OR PLACE OF PROFIT

All employees shall:

- Ensure compliance with the Code of Conduct / Policies signed during employment.
- Not solicit, employ, hire, or engage in any services from another organization that may result in conflicts of interest with activities and operations carried out by the LIC AMC

Avoid any directorship, position or office with any other organization which may give rise to a conflict of interest with operations carried out by LIC AMC.

7.5 INTELLECTUAL PROPERTY RIGHTS

As per the terms of employment, all intellectual property rights used or embodied in or in connection with the business or operations of LIC AMC should be developed specifically for and remain the sole property of the AMC.

8. RESPONSIBILITY

CFO, CRO and CCO (Responsible Persons) shall be jointly responsible for implementation and supervision of this policy. They shall take all necessary steps to identify, monitor, document and analyse the key and potential conflicts that the company may face in day-to-day Business.

9. CONFLICT OF INTEREST RESOLUTION

All employees are expected to report actual or potential conflict of interest to their functional heads who would in turn report the same to the Management of LIC AMC, which shall decide the future course of action.

10. POLICY REVIEW & UPDATE

The Policy should be periodically **reviewed (once a year)** by the Compliance department. Post review and update of the Policy, formal approval from the Board of the AMC should be obtained for:

- Replacing any sections; and
- Inserting new sections.
- Any changes to the policy (also anticipated/proposed changes, where possible) should be communicated to concerned personnel within the Company.

11. REFERENCES

- [SEBI | Risk Management Framework \(RMF\) for Mutual Funds](#) Circular no. SEBI/HO/IMD/IMD-1/DOF2/P/CIR/2021/630 dated September 27, 2021.
- [SEBI Circular on Guidelines for dealing with Conflicts of Interest](#) of Intermediaries Circular no. CIR/MIRSD/5/2013 dated August 27, 2013.
- [SEBI Stewardship Code for Mutual Funds](#) Circular no. CIR/CFD/CMD1/168/2019 dated December 24, 2019.
- [SEBI Mutual Fund Regulations, 1996](#)
- SEBI [Master Circular for Mutual Funds](#) Circular no. SEBI/HO/IMD/DF2/CIR/P/2020/156 dated August 24, 2020.