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**POLICY D**  
**CONFLICTS OF INTEREST POLICY**

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**FOSTEUS FUND MANAGEMENT LTD**

**V1 February 2023**

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# CONFLICTS OF INTERESTS POLICY

## 1. Introduction and Objective

The Company establishes and implements the conflict-of-interest policy (the, “**Conflict of Interest Policy**”) in order to take all reasonable steps to identify, prevent, manage and monitor the conflicts of interest that may arise in connection with the provision of collective management services to the AIFs it manages and their Investors in compliance with the legal and regulatory requirements.

The Company is responsible for undertaking all necessary steps to identify potential conflict of interest situations in due time and is obliged to carry out procedures either to avoid or resolve such a threat. To identify conflicts of interest the Company takes into account not only the activity of collective portfolio management but also other activities that the Company is authorised to carry out, including activities of its delegates, sub-delegates, external valuers or counterparties. The Company must establish organisational and administrative arrangements for identifying, preventing, managing and disclosing conflicts of interest in order to prevent any damage to the interests of its Investors.

The main objective of the Company is to protect the interests and the rights of the AIFs and their Investors.

The Board of Directors of the Company is responsible for the establishment of the Conflict-of-Interest Policy as well as for its revision, at least yearly, subject to the ad hoc recommendations of the Head of Regulatory Compliance in case of changes to the regulatory framework, the legislation in force and/or when the organizational arrangements of the Company are not sufficient or are outdated.

The Company shall ensure that the procedures followed, and the measures adopted are designed to ensure that the persons engaged in different business activities, involving a conflict of interest, carry on those activities at a level of independence appropriate and proportionate to the size and activities of the Company and to the materiality of the risk of damage to the interests of the Investors.

The Company’s Conflict of Interest Policy focuses on the following:

- a. Identify the circumstances which constitute, or may give rise to, a conflict of interest entailing a material risk of damage to the interests of one or more managed AIFs or the Investors.
- b. Specify procedures to be followed and measures to be adopted in order to manage such conflicts.

As a general rule, all employees should always be alert to potential conflicts of interest and where one is believed to exist, employees should escalate the matter to the Head of Regulatory Compliance and the Board of Directors. Where a conflict of interest has occurred, the Company shall ensure that disclosure of conflicts of interest to AIFs under management and to the Investors is a measure **of last resort** that shall only be used where the effective organizational arrangements established to prevent or manage its conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Investors will be prevented.

## 2. Identification of Conflicts of Interest

A conflict of interest is a situation, arising in any area of the Company’s business, where the

Company or an employee of the Company is in a position to exploit a professional or official capacity in some way which may benefit the Company, or an employee of the Company, or an Investor of the Company, whilst potentially damaging the interest of another Investor or an AIF under the management of the Company.

The affected parties, if a conflict of interest arises, may be the Company, its Directors, its Senior Management staff, its officers, its employees, its Investors or any other professionals involved with the Company such as Fund Administrator(s), Transfer Agent(s), Depositary(ies), Auditors or other service providers to which functions of the Company are delegated. The Company must take all reasonable steps to identify conflicts of interest that arise in the course of managing AIFs. More specifically, a conflict of interest may arise, between the following parties:

- The Company, including its Directors, its Senior Management staff, its officers, employees or any person directly or indirectly linked to the control of the Company, and the AIF managed by the Company or the Investors in that AIF; or
- the AIF or the Investors in that AIF, and another AIF or the Investors in that AIF; or
- the AIF or the Investors in that AIF, and another client of the Company; or
- two clients of the Company; or
- an AIF and the Company; or
- two Investors of the Company; or
- an Investor of the Company and a Director of the Company; or
- the Company and the Auditors; or
- the Company and the Depositary(ies); or
- the Company and the Fund Administrator(s) and/or Transfer Agent(s); or
- the Company and the Internal Auditors; or
- the Company and the Legal Advisor; or
- an AIF or the Investors in that AIF and another AIF or the Investors of the other AIF; or
- the Company and another service provider.

The potential conflicts of interest identified include, but are not limited to:

- Those that arise as a result of competing interests of different AIFs and their Investors. For example, the Company may manage AIFs having similar investment strategies and objectives and addressing the same category of Investors.
- Those that arise as a result of competing interests of the outsourced functions e.g. a Fund Administrator having material interest to gain from a competing AIF when undertaking the NAV calculations to such competing AIFs and to the managed AIFs of the Company.
- Those between AIFs managed and their Investors and the Company as a result of fee structures, other investment related revenues and profit.
- Those between the interests of Company, its Directors, Senior Management staff, officers, employees, other professionals involved and AIFs and their Investors.
- Inappropriate exchange or disclosure of information.
- Those that may arise due to a specific investment transaction.
- Earnings or avoidance of a financial gain or loss by the Company at the expense of the managed AIFs and/or their Investors.
- Potential interest in the outcome of a service provided by the Company to the managed AIFs which is deemed as distinct from the managed AIFs' interest in that outcome. For example, the Company operates and offers any of its services with the aim to favor any other of its officers and/or any other person directly or indirectly linked with the Company at the expense and disadvantage of the managed AIFs and/or their Investors.
- Potential financial or other form of favorable implication which is distinct and against the interests of the managed AIFs and/or their Investors.

- The Company enters into investment decisions at the Company's own initiative with the aim to gain an interest for its own account or for the account of one of its Directors and/or Senior Management members and/or find itself in a favorable position (either in the form of financial gain and/or any other type of favorable treatment whatsoever) at the expense of the managed AIFs and/or their Investors.
- The Company obtains a financial gain or avoid a financial loss by increasing the sustainability risks of the Funds arising greenwashing in processes, systems and controls in the framework of environmental (E), social (S) or governance (G) risks (collectively, "ESG") for Funds not listed as Article 6 as per SFDR Regulation.

### **3. Clear segregation of duties and responsibilities within the Company for avoiding conflicts of interests**

The Company should segregate, within its own operating environment, tasks and responsibilities which may be regarded as incompatible with each other, or which may potentially generate systematic conflicts of interest.

To this end, the Company must frequently assess whether its operating conditions may involve any other material conflicts of interest and disclose them to the Investors and/or to the management (e.g. board of directors) of the AIFs it manages. Moreover, the Company should assess whether its operating conditions may involve any other material conflicts of interest and disclose them to the Investors of the AIFs.

The Head of Regulatory Compliance shall be responsible for ensuring that all the Company's Directors, officers, employees or any other professionals involved are aware of the Company's Conflict of Interest Policy and can clearly identify circumstances that may give rise to conflicts of interest.

When a conflict of interest arises, measures shall be taken to manage it in order not to damage the Investors' interests. This may involve disclosing the conflict of interest to the AIFs and their Investors. Conflicts of interest shall always be managed in a reliable and consistent manner. The main measure to prevent conflicts of interest from adversely affecting an AIF and/or its Investors is to ensure that actions taken in respect of the Investors are based solely on the Investor's interests and are taken independently of the interests of any of the Company's other Investors, other activities, or Director's or officers' or employees' or service providers' personal interests.

### **4. Prevention and management of conflict of interests**

#### **A. General mitigation arrangements**

The procedures and measures established for the prevention or management of conflicts of interest shall be designed to ensure that the persons engaged in different business activities involving a risk of conflict of interest carry out these activities having a degree of independence which is appropriate to the size and activities of the Company and to the materiality of the risk of damage to the interests of the AIFs under management or their Investors.

The Company is obliged to ensure that the following measures and procedures will be designed and implemented for the prevention and management of conflicts of interests:

- Effective organisational and administrative arrangements with a view to taking all reasonable steps designed to identify, prevent, manage and monitor conflicts of interest in order to prevent them from adversely affecting the interests of the AIFs managed and their Investors.
- Effective procedures shall be put in place to prevent or control the exchange of information

between Relevant Persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more AIFs and their Investors.

- The Company has in place organisational arrangements detailing clear roles and responsibilities (establishment of “Chinese Walls”).
- The Company will identify the circumstances, which may give rise to a material conflict of interest and will specify the measures to be adopted in order to manage such conflicts.
- The Company will arrange for the provision of conflicts of interest training for all employees on joining the Company and periodically thereafter.
- The Company shall take all the necessary measures to ensure that all the Relevant Persons adopt and follow proper internal rules and procedures in order to identify, keep record of, manage and mitigate possible and/or identified conflicts of interests.
- The Company will ensure that all conflict disclosures to AIFs and their Investors are sufficient and adequate.
- The Company will always confirm the independence of third-party service providers and mainly the Depositary(ies) and Auditors.
- The Company will ensure independence, inter alia, of the above-stated functions at all times by concluding, where deemed necessary, non-disclosure and confidentiality agreements with the persons that will undertake the above-stated functions.
- Employees will be required upon commencement of their employment to read and fully understand the Conflicts of Interest Policy in order to be in a position to identify current, or potential, conflicts of interests.
- Employees will be required to report all conflicts, potential or otherwise to the Head of Regulatory Compliance.
- Employees will be required to notify the Head of Regulatory Compliance of any situation where information received might constitute inside information. The Compliance function will record the circumstances of the situation and take such action as is necessary and appropriate. This may include (but is not limited to):
  - Requiring the employee not to disclose the inside information to any other party.
  - Requiring the employee to desist from any activities whereby the knowledge of the inside information will or might create a conflict of interest.
- The security features to be implemented by the Company and any other persons involved in the Company’s activities will prevent unauthorized access to sensitive information in order to benefit the Company over the AIFs and their Investors.
- Active consideration of potential conflicts of interest and their effective management before launching a new AIF, or taking on a new one, and refusal of the Company to perform in order to avoid a conflict-of-interest situation.
- Active consideration of potential conflicts of interest and their effective management in relation to outsourcing arrangements with third parties (i.e. external firms), and consideration

that these third parties either have an equivalent conflicts of interest policy or are guided by the Company's Conflict of Interest Policy.

- The Company will clearly disclose the general nature and/or sources of conflicts of interest to the AIFs and their Investors before undertaking business on their behalf, in case the organizational and administrative arrangements are not sufficient.
- Conflicts in valuation represent a critical area of concern especially for the potential AIFs and their Investors. The Company, in order to eliminate such concerns, may outsource the calculation of the NAV of the AIFs managed, based on which Subscriptions and Redemptions are performed and management and performance fees are calculated, to a specialized Fund Administrator(s).

Moreover, in order to protect and control the access to important information, the Company implements physical and functional segregation of operations, data and information systems, so that the employees engaged in different business activities do not possess direct physical access to files and data related with a different operation. Through the establishment and implementation of “**Chinese Walls**” the Company creates information barriers in order to prevent the transfer of confidential/inside information between departments/persons with segregated duties and responsibilities. Chinese Walls are essential information barriers which are used to prevent inside, or highly confidential information possessed by one part of the business from being inappropriately passed to, or obtained by, another part of the business.

More specifically, the Company implements controls in order to:

- i. Prevent or restrain any person from exercising inappropriate influence over the way in which a Relevant Person carries out portfolio management activities.
- ii. Prevent or control the exchange of information between Relevant Persons engaged in activities involving a risk of conflict of interest where the exchange of information may harm the interest of one or more AIFs or their Investors.
- iii. Ensure the separate supervision of Relevant Persons, whose principal functions involve carrying out investment services on behalf of, or providing services to, AIFs or Investors, whose interests may conflict, or who otherwise represent different interests that be in conflict, including those of the Company.
- iv. Ensure the removal of any direct link between the remuneration of Relevant Persons principally engaged in one activity and the remuneration of, or revenues generated by, different Relevant Persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities.
- v. Prevent or control the simultaneous or sequential involvement of a Relevant Person in separate investment services, where such involvement may impair the proper management of conflicts of interest.
- vi. Ensure clear and transparent disclosures are made to investors with regards to SFDR to avoid Greenwashing.

In case a Relevant Person comes across a situation that may give rise to a conflict of interest, such person must immediately report this to the Head of Regulatory Compliance. The Head of Regulatory Compliance shall then determine if a conflict of interest is present and subsequently take the necessary action to resolve it.

The Conflict-of-Interest Policy is to be established and communicated to all Directors, officers, employees of the Company and, if deemed necessary, to the service providers.

Where the organisational or administrative arrangements made by the Company are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the AIF or Investors

in the AIFs are prevented, the Board of Directors shall be promptly informed in writing in order to take any necessary decision or action to ensure that the Company acts in the best interests of the AIFs or the Investors in that AIFs.

## **B. Management of conflicts of interest**

The Company will manage conflicts of interest situations in accordance with the steps set out below:

1. Identification of conflicts;
2. Notification of conflicts;
3. Assessment of conflicts; and
4. Resolution of conflicts.

### **1. Identification of Conflicts**

Where a conflict is identified, the Company will seek to organize its business activities in a manner that avoids such a conflict and to monitor the effectiveness of the management arrangements of such conflicts. However, the Company acknowledges that the total avoidance of conflicts of interest is generally not possible in a commercial environment.

Where conflicts are unavoidable, the Company will take appropriate measures to mitigate and manage such conflicts in a manner that seeks to ensure that the Company or its personnel are not advantaged, and that no AIF is disadvantaged.

All Relevant Persons must be aware of their responsibilities to identify situations which give rise to a conflict, or which might give rise to a conflict, under the Company's Conflict of Interest Policy.

In the event that a Relevant Person is unsure as to whether a situation represents a potential conflict of interest or not, the Relevant Person is required to raise the issue immediately to the Head of Regulatory Compliance.

### **2. Notification of Conflicts**

The Relevant Person is required to immediately raise any conflict or potential conflict of interest that comes to his or her attention to the Head of Regulatory Compliance who will assess and monitor all conflict-of-interest situations.

### **3. Assessment of Conflict**

The Head of Regulatory Compliance shall assess all conflict-of-interest situations. Such assessment shall include (but is not limited to) assessing:

- Whether the situation represents an actual or potential conflict of interest.
- How conflicts of interest can be appropriately managed.
- The materiality of the conflict of interest.
- Whether the conflict of interest requires immediate notification from the Board of Directors for further assessment.
- Whether it is necessary to disclose the conflict of interest to the AIFs and/or their Investors and whose assets are at risk to agree on a course of action with the AIF and/or its Investors or resolve the matter via another route.

Depending on the nature of the conflict of interest, the following procedures are to be followed



- **Not Important - Not urgent:** This will be addressed by the Head of Regulatory Compliance, on a discretion basis.
- **Not Important - Urgent:** This will be addressed immediately by the Head of Regulatory Compliance.
- **Important - Not Urgent:** The situation will be addressed at the next Board of Directors' meeting for discussion and ratification of mitigation steps.
- **Important - Urgent:** This will be addressed by convening an ad-hoc meeting of the Board of Directors of the Company (physical or via conference call) for discussion and ratification of mitigation steps.
- **Self Interest:** The Head of Regulatory Compliance shall bring any important conflict of interest situation in which he/she is personally involved to the attention of the Board of Directors, either at the next Board of Directors meeting (if No Urgent) or by convening an ad-hoc meeting (if Urgent).

The Head of Regulatory Compliance is responsible for the identification and management of conflicts of interest on a daily basis according to the policy described above and shall bring any important conflict of interest situation to the attention of the Board of Directors, as described above.

#### 4. Resolution of Conflict

The Company will take the necessary actions to resolve and/or manage conflicts of interest and/or potential conflicts of interest. This may include (but is not limited to):

- Managing the situation so as to prevent the conflict of interest arising as mentioned above.
- Managing the situation so as to ensure the interests of the Company or its Relevant Persons do not conflict with the interests of the managed AIFs.
- Notifying the conflict of interest to the AIFs and/or their Investors so that either a satisfactory course of action may be decided on or the AIFs and/or their Investors may elect not to use the service insofar as there is a conflict.

#### 5. Circumstances giving rise to a conflicts of interests

##### *Transactions involving multiple AIFs managed by the Company*

**Potential Conflict:** A typical conflict of interest is the transfer of an asset held by an AIF to a follow-on AIF, to both of which the Company either provides services or has a material interest. Such transfers may occur when the Company is unable to find a successful exit for an investment but considers that the investment is performing sufficiently well to justify transferring it to a follow-on AIF. These situations lead to an inherent conflict of interests since the Company will be effectively negotiating on both sides of the table with respect to the sale of such investment between the AIFs as it manages both the selling AIF that owns the investment and the follow-on AIF purchasing that investment. The Company may be incentivized to benefit the selling AIF to maximize its carried interest or, depending on how the selling AIF has been performing, might be tempted to use the investment as an attractive seed asset for its follow-on AIF. Since the Company is negotiating with itself, Investors could be concerned that the transaction will not occur at a fair market value. This can adversely impact either the Investors of the selling AIF or those of the follow-on AIF.

**Mitigation Measures:** The Company, in order to manage such conflicts, if a transaction occurs among AIFs managed by or otherwise linked with the Company, the latter will seek a formal

valuation of the asset being transferred from an independent third-party Valuer and submit the pricing terms and conditions of the transaction for approval to the AIF's board of directors or advisory committee, if any. Investors can also be entitled to request an independent third-party valuation if they so wish.

### ***Directorships***

**Potential Conflict:** The Directors may have personal or business conflicts of interest that may affect their decision making in the best interests of the various stakeholders, including the Investors.

**Mitigation Measures:** In particular, in considering Director appointments, the Company shall assess and document its consideration of possible conflicts of interest. A Director of the Company is required to identify and disclose actual or potential conflicts of interest to the Board of Directors of the Company. In any matter for consideration before a board meeting where a Director believes that a conflict may arise affecting him/her personally unless otherwise generally disclosed in accordance with relevant company law, he/she shall disclose such conflict to the Board before the issue is considered by the Board of Directors. The Board of Directors will determine whether or not a conflict of interest exists, and whether or not such conflict materially and adversely affects the interests of the Company. A member of the Board of Directors whose potential conflict is under review may not debate, vote, or otherwise participate in such determination. If the Board of Directors determines that an actual or potential conflict of interest does exist, the Board shall also determine an appropriate remedy. Such remedy may include, for example, the relevant Director absenting him/herself from the discussion and any voting or decision making in relation to the matter that is the subject of the conflict.

### ***Valuation of Assets***

**Potential Conflict:** A proportion of the Company's remuneration is based on the performance of its managed AIFs and mandates, in particular on the value of the NAV. If the Company was able to apply a value to individual assets a potential conflict of interest could arise since an overstated value of such individual assets would unjustifiably increase the NAV.

**Mitigation Measures:** To mitigate this, the valuation of assets within managed AIFs' portfolios will be carried out by appointed independent Valuers. This delegation prevents the Company from influencing the valuation of assets within managed AIFs' portfolios and mitigates the potential conflict which could exist if the Company was solely responsible for the valuation.

### ***Allocation of Costs***

**Potential Conflict:** AIFs Offering Documents/Prospectuses and regulations may allow for certain infrequent ad hoc costs, outside of normal operating costs, to be charged to the AIFs. There may be an incentive for the Company to charge excessive amounts of these ad hoc infrequent costs to the AIFs rather than pay for them directly.

**Mitigation Measures:** All infrequent ad hoc costs are reviewed on a case-by-case basis by the Non-Executive Directors, to ensure they meet the requirements of both regulation and the Offering Documents/Prospectuses. In addition, AIFs' Board of Directors approval might be sought in order to approve significant expenses to ensure equitable treatment of Investors.

### ***Service Providers***

**Potential Conflict:** In conducting its business activities, the Company enters into contracts to outsource some of its key functions to third party service providers. Where these service providers are also clients of the Company, this could create the potential for the Company to retain the services of an underperforming service provider for commercial reasons or for convenience, rather than for

the best interests of the AIFs.

**Mitigation Measures:** The Company manages the service provider relationship and all aspects of quality of service provided. Service level agreements and management reporting are put in place to monitor service provider performance. Where this falls below acceptable standards, procedures are followed to escalate to the Senior Management and the service provider for resolution. The persistent underperformance of a service provider is not tolerated by the Company and, should this occur, the Company will take appropriate action to ensure proper service levels are provided to the managed AIFs and the Company. The Company's outsourcing policy for the appointment of service providers requires potential conflicts of interest to be considered.

### ***Services offered to managed AIFs***

**Potential Conflict:** The Company's aim is to always employ experienced and professional personnel and use the services of reputable and reliable service providers in the course of implementing its collective management services to the managed AIFs. However, the actions of the Company or a Relevant Person or a delegate or a person directly or indirectly linked to the Company (the "Linked Person") may be influenced or create an influence over the offered services.

**Mitigation Measures:** For the purposes of identifying the types of conflict of interest that arise in the course of managing an AIF or providing services and activities or a combination thereof and whose existence may damage the interests of an Investor, the Company must take into account, by way of minimum criteria, the question of whether the Company or a Relevant Person, or a delegate, or a Linked Person, is in any of the following situations, whether as a result of providing services or otherwise:

- The Company, a Relevant Person, a delegate or the Linked Person is likely to make a financial gain or avoid a financial loss, at the expense of the AIFs or their Investors.
- The Company, a Relevant Person, a delegate, or the Linked Person has an interest in the outcome of a service provided to an AIF or its Investors, which is distinct from the AIF's and Investors' interest in that outcome.
- The Company and a delegate have any contractual relationship, the extent to which the delegate controls the Company or has the ability to influence its actions.
- A delegate and an Investor are members of the same group or have any other contractual relationship, the extent to which this Investor controls the delegate or has the ability to influence its actions.
- The Company, a Relevant Person, a delegate or the Linked Person has a financial or other incentive to favor the interest of one Investor or group of Investors over the interests of another Investor or group of Investors in the same AIF.
- The Company, a Relevant Person, a delegate, or the Linked Person carries on the same business as the Investor or carries out the same activities for the AIF and for another AIF

- The Company, a Relevant Person, a delegate, or the Linked Person receives or will receive from a person other than the AIF or its Investors, an inducement in the form of money, goods or services, other than the standard commission or fee for that service.

### ***Pricing and valuation errors***

**Potential Conflict:** Not taking sufficient action to rectify pricing and other valuation errors or anomalies, where to do so would have a negative impact on the price and value of the AIFs assets.

**Mitigation Measures:** The Company monitors any unusual pricing and reports it to the appointed Internal or External Valuer and Fund Administrator. The company checks the valuations made by third parties and reconciles them to its own records. Any errors or discrepancies are investigated and reconciled with the Fund Administrator.

### ***Remuneration of employees***

**Potential Conflict:** Remuneration structures may be created that incentivize a member of personnel to conduct their role within the Company in a manner that conflicts with the Company's regulatory obligations.

**Mitigation Measures:** The Company follows the remuneration policy established in the Remunerations Manual. The company does not have performance-linked arrangements, which promote excessive risk-taking.

### ***Influence of outside business interests or activities***

**Potential Conflict:** Personnel who have outside commitments (i.e. directorships, business interests) may be influenced to act in a manner that conflicts with the interests of the Company.

**Mitigation Measures:** The Company requires its employees to disclose outside commitments. The Company monitors the action of its employees to identify any acts which may be in conflict with the Company interests due to such outside commitments.

### ***Distribution Relationships***

**Potential Conflict:** Where the Company has relationships with third parties engaged to distribute the shares/units of the AIFs under the management of the Company, they may be remunerated in a manner to incentivize the promotion of any one AIF.

**Mitigation Measures:** The Company understands the risk and, normally, any third party is engaged for the distribution of only one AIF managed by the Company.

### ***Independent of Risk Management Function***

**Potential Conflict:** The Risk Management function may potentially have inadequate independence from other functions within the Company or inadequate monitoring of such independence.

**Mitigation Measures:** The Risk Management function is hierarchically and functionally independent from the other operating units including the portfolio management function. Additionally, the Company should, in any event, be able to demonstrate to CySEC that specific safeguards against conflicts of interest allow for the independent performance of risk management activities.

## ***Sustainability Factors***

**Potential Conflict:** The company makes investment decisions for the funds it acts as external manager that are contradicting with the investment restrictions defined in Funds documentation or the managers documentation with regards to sustainability factors (ESG).

**Mitigation Measures:** The Portfolio Managers/Investment Committee need to ensure that only allowable investments are undertaken. The Risk Management Function and the Compliance Officer shall review investments to ensure that are aligned with the stated investment restrictions.

## ***Greenwashing***

**Potential Conflict:** The Company or the Funds under management make misleading or exaggerated claims about the environmental benefits of its products or services.

**Mitigation Measures:** The Risk Management Function and the Compliance Officer shall review relevant disclosures to ensure that are aligned with the requirements arising from SFDR.

## **Disclosure and reporting of conflicts of interest**

### **A. Disclosure of conflicts of interest**

When the measures taken by the Company to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that the risk of damaging the Investors' interests will be prevented, the Company will disclose the conflicts of interest to the AIFs and Investors before undertaking business on their behalf or during their business relationship, as applicable. Prior to the establishment of the business relationship or to the execution of an investment or of an Investor Transaction, the Company must disclose any actual or potential conflict of interest. Thus, before undertaking business on an Investor's behalf or during their business relationship, the Company shall disclose to such Investor:

- i. Any material conflict of interest flowing from its operating conditions.
- ii. The general nature and/or source of a conflict of interest in case the Company is not reasonably confident that risks of damage to an Investor's interests is prevented by way of the present Conflict of Interest Policy and related procedures.

The disclosure will be performed in sufficient time through a Durable Medium.

Where information is provided by means of a website and is not addressed personally to the Investor, the Company must ensure that the following conditions are satisfied:

- a. The Investor has been notified of the address of the website, and the place on the website where the information may be accessed and has consented to the provision of the information by such means.
- b. The information must be up to date.
- c. The information must be accessible continuously by means of that website for such period of time as the Investor may reasonably need to inspect it.

### **B. Reporting conflicts of interest**

All personnel are required to give an undertaking of adherence to the Company's compliance

procedures, including personal account dealing and receipt of gifts and inducements.

In the case of identification of a possible conflict of interest, an officer, employee or any other professionals involved with the Company's activities must refer it initially to the Head of Regulatory Compliance to assist in the assessment of a material risk of damage and allow regulatory scrutiny, of:

- Corrective and preventive actions.
- How these actions were considered appropriate.
- Any conditions imposed.
- Whether there are still ongoing conflicts, how these are being managed and advised to the Investor.

## **6. Record keeping**

In accordance with the requirements of the applicable legislation, the Company should maintain records, which are regularly monitored and updated, of the kind of activities carried out by the Company or on its behalf in which there is a risk of conflict of interest that may damage the interests of one or more Investors. The Head of Regulatory Compliance shall make sure that a register is maintained which lists all circumstances in which a conflict of interest and/or potential conflict of interest has been identified as having arisen.

The type of activities that led to a conflict of interest and the way they were handled is to be documented by the Company. The register shall contain a description of the circumstances which constituted or may have constituted a conflict of interest, names of the persons involved, the name of the person responsible for the mitigation of the conflict, a description of the steps taken in order to mitigate the conflict – including Investor disclosures and subsequent instructions, and any other information of relevance, as per case.

The register shall be updated each time a conflict of interest or potential conflict of interest is identified as having arisen and shall be kept for a minimum of five years.

## **7. Updating the Conflicts of Interest Policy**

The Conflict-of-Interest Policy is reviewed at frequent intervals to assess its appropriateness. The outcome of the review will be reported in the annual report prepared and submitted to the Board of Directors by the Head of Regulatory Compliance.

In addition, the Conflicts of Interest Policy will be updated whenever such a need arises. The following circumstances can trigger the review process:

- Change in the license and activities of the Company.
- Identification of situations that are not adequately captured in the Conflict-of-Interest Policy.

## **8. Remuneration policies and conflicts of interests**

The Remuneration Policy established by the Company is designed in a way to avoid conflicts of interests between the Company and the interests of its Investors. The Remuneration Policy reflects obligations regarding the fair treatment of Investors and is designed to promote appropriate corporate behaviors by all the officers, employees and persons involved with the Company's

activities.

### **A. Senior Management Remuneration**

The Company's officers, in their majority, will be remunerated on the basis of a variety of compensation components including base salary, cash bonuses, stock/fund deferral awards etc. Cash bonuses and deferral awards are variable components of compensation that are intended to motivate and reward individuals for their contribution to the annual results of the Company and managed AIFs and not to encourage inappropriate risk taking.

The Company shall establish and apply remuneration policies and practices according to its size, internal organization, and the nature, scope and complexity of its activities that comply with the following principles:

- a. The remuneration policies and practices are consistent with and promote sound and effective risk management.
- b. The remuneration policies and practices do not encourage risk-taking which is inconsistent with the risk profile of the Company and the managed AIFs.
- c. The remuneration policy is in line with the business strategy, objectives, values and interests of the Company and its Investors and includes measures to avoid conflicts of interest.
- d. The remuneration practices apply to those categories of staff, including Senior Management, risk takers, control functions and any employees receiving total remuneration that takes them into the same remuneration bracket as Senior Management and those risk takers, whose professional activities have a material impact on the risk profiles of the Company or of the AIFs under management.
- e. The remuneration practices are in compliance with the relevant legislative and regulatory requirements.

The Directors, officers, employees and other professionals involved with the business activities of the Company cannot accept inducements or other benefits from any third natural or legal person, which could put in doubt their independence regarding investment decisions and other services.

### **B. Company Remuneration**

The Company shall not be regarded as acting honestly, fairly and in accordance with the best interests of the AIFs under management or the Investors in these AIFs if, in relation to the activities performed when carrying out the services of Portfolio and Risk Management as well as the other functions performed in the course of the collective management of AIFs referred to section 6(5)(b) of the AIFM Law, it pays or is paid any fee or commission, or provide or is provided with any non-monetary benefit, other than the following:

- (a) A fee, commission or non-monetary benefit paid or provided to or by the AIF or a person on behalf of the AIF.
- (b) A fee, commission or non-monetary benefit paid or provided to or by a third party or a person acting on behalf of a third party, where the Company can demonstrate that the following conditions are satisfied:
  - i. The existence, nature and amount of the fee, commission or non-monetary benefit, or, where the amount cannot be ascertained, the method of calculating that amount, is clearly disclosed to the Investors in the AIF in a manner that is comprehensive, accurate and understandable, prior to the provision of the relevant service.



- ii. The payment of the fee or commission, or the provision of the non-monetary benefit are designed to enhance the quality of the relevant service and not impair compliance with the Company's duty to act in the best interests of the AIF it manages or the Investors in the AIF.
- (c) Proper fees which enable or are necessary for the provision of the relevant service, including custody costs, settlement and exchange fees, regulatory levies or legal fees, and which, by their nature, do not give rise to conflicts with the Company's duties to act honestly, fairly and in accordance with the best interests of the AIF it manages or the Investors of the AIF.

The disclosure of the essential terms of the arrangements relating to the fee, commission or non-monetary benefit in summary form shall be considered as satisfactory for the purposes of point

(i) of paragraph (b) above, provided that the Company commits to disclose further details at the request of the Investor in the AIF it manages and provided that it fulfils this commitment.

### **C. Mechanisms against Remuneration conflicts**

The Company has designed the below mechanisms in order to avoid and deal with conflicts of interests between the Company and the interests of its Investors:

- (a) **Remuneration Oversight:** The Company has established a Remuneration Committee that is comprised of the non-executive Directors of the Board. The Remuneration Committee meets regularly and is responsible for determining the components and level of compensation paid to the executive officers and for ensuring that compensation is aligned to the long-term interests of the AIFs managed by the Company.
- (b) **Exemplary Punishments:** No form of bribery or corruption will be tolerated. Breach of this provision by any person, whether Director or officer or employee of the Company, shall be regarded as serious and may result in disciplinary actions, including dismissal or removal of the person being in breach.
- (c) **Continues Updates:** Where the Company identifies potential conflicts of interest of a specific nature, additional policies and procedures are established to manage such conflicts, compliance with which is considered within the context of the performance review process.