

Conflict of Interest Policy

As of September 10, 2024

General

The Board of Directors approved the Conflicts of Interest (“**COI**”) Policy of Innpact Fund Management S.A. The compliance function (the “**Compliance Officer**”) of the Company has prepared this COI Policy and is responsible to ensure its implementation and execution. He/She is the owner of this policy, including its regular update and approval by the Board.

Purpose of the Policy

The purpose of the COI Policy is:

- i. to identify by reference to the specific services and activities carried out by (or on behalf of) the AIFM, potential and existing COI entailing a material risk of damage to the interests of an AIF or its investors, including in case of delegation of activity and keep record of those activities;
- ii. to specify procedures to be followed and appropriate measures to be adopted in order to manage such conflicts in an independent manner;
- iii. to disclose the required information to the investors in this matter, as appropriate ; and
- iv. to communicate this Policy to all employees (the “**Employees**”) and Directors of the AIFM.

In this context, the AIFM has developed a COI Policy which takes into account its size and organization including the fact that it is part of a group, as well as the nature, scale and complexity of its business.

It is the AIFM’s policy to manage promptly and fairly the COI situations that are identified.

Scope

This COI Policy applies to all Employees and Directors of the AIFM.

It may indirectly apply to contractors and natural persons involved with the provision of services to the AIFM or funds under management.

The AIFM intends to manage COI fairly, both between the relevant persons or relevant entities and its AIF or investors and between an investor and another investor.

Where the AIFM is a member of a group, the policy also takes into account any circumstances of which the AIFM is or should be aware which may give rise to a conflict of interest arising as a result of the structure and business activities of other members of the group.

Definition – What is meant by Conflicts of Interests?

Conflicts of Interest	<p>A conflict of interest is seen as any actual or perceived situation in which an individual or legal entity has commercial, professional or personal interests that compete with those of another person or legal entity.</p> <p>A potential conflict of interest is any situation in which an individual or legal entity has commercial, professional or personal interests that could in the future compete with those of another person or legal entity, for example, due to change of circumstances or responsibilities. Potential conflicts refer, as a general matter, to situations that do not necessarily constitute or appear to constitute an immediate conflict of interest, but where there is a reasonable possibility that it may develop into an actual conflict of interest.</p>
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Typically in practice, conflict of interests may be classified in 3 main categories:

Personal	<p>A conflict of interest that arises from the personal circumstances of a Director or an employee of the AIFM or contractor / delegate due to their outside financial or non-financial interests or personal relationships.</p> <p>e.g. external directorship at competing firm (dual-hatting), second job, relatives at vendor, ...</p>
Structural	<p>A conflict of interest that is inherent in the business activities or corporate structure and requires ongoing management through a range of operational and governance procedures.</p> <p>e.g. intragroup COI, firm versus client, independent functions and tasks (Depository/Asset Management/Valuation)...</p>
Situational	<p>A conflict of interest that arises from specific circumstances for example, during a corporate transaction, change to the business model or any activity or decision-making event in course of day-to-day operations. Situational conflicts of interest are therefore time limited in nature and require additional controls to be in place for a specified duration.</p> <p>e.g. due to specific circumstances, like outsourcing project, M&A, or simply gifts that create COI...</p>

Examples in funds industry: prohibition of Depository Bank Board member in ManCo or AIFM, Board member holding of shares in funds managed, other Board mandates, large redemption and pro-rata sales in the interest of investors, group trades and side by side strategies, cross-trades between products being managed, inducements...

COI may also be different if the AIFM is acting based on an advisory model or when the asset management function has been delegated.

Regulatory Framework

COI are extensively covered in [AIFM Regulation articles 30-36](#), which refer to having a COI policy and procedures in place to prevent and manage conflicts and appropriate disclosures.

In particular, article 35 provides that an “AIFM shall keep and regularly update a record of the types of activities ... in which a conflict of interest entailing a material risk of damage to the interests of one or more AIFs or its investors has arisen (actual) or may arise (potential). While Senior management shall receive on a frequent basis, and at least annually, written reports on such activities”.

This means in practice that at the level of Innpact AIFM, there should be available (i) a list of existing COI (i.e. a register) and (ii) a log of potential COI linked to the activities of the AIFM.

Paragraph 377 of CSSF Circular 18/698 further specifies that the COI policy must be set out in writing and be appropriate to the size and organisation of the firm and the nature, scale and complexity of its business. CSSF also indicates that the records referred to above cover at least the following:

- the description of the conflict of interest (whether potential or actual);
- the identification of the person or units concerned by the conflict of interest;
- the date on which the conflict of interest occurred or was discovered;
- the potential or actual impacts of the conflict of interest;
- the description of the envisaged solutions and chosen measures;
- where appropriate, the arrangements for informing investors.

COI are also covered in Luxembourg Company Law of 1915 – article 441-7, which applies to the AIFM that is an SA and which is reflected in article 15 of its articles of incorporation. In particular, it is prescribed that “any director having a direct or indirect financial interest conflicting with that of the company in a transaction which has to be considered by the board of directors, must advise the board thereof and cause a record of his statement to be included in the minutes of the meeting. He may not take part in these deliberations.”

This actually explains why in practice any Board meeting starts with a self COI declaration of Board members.

Identifying Conflict of Interest

1. All AIFM staff and Board members will be invited to complete on an annual basis a COI self-declaration form covering for potential or actual conflicts of interest if any, resulting from the performance of their day-to-day work at Innpact Fund Management S.A.

2. In addition, in order to identify actual and potential COI of AIFM Board members, they will be invited to share with the Compliance Officer for review the mandate template that has to be filed on an annual basis to CSSF detailing the list of their mandates in other companies.

Managing Conflicts of Interest

1. Records of identified Actual or Potential COI

In order to ensure that actual conflicts of interest are effectively managed, a COI Register was arranged, reflecting identified COIs which entail a risk of damage to the interests of the AIF under

management or their investors, broken down by category, details of such COI and actions undertaken in order to address them, including ongoing monitoring as appropriate.

2. Records of Potential COI

Scenario of potential COIs are recorded by the AIFM in potential COI template.

3. Mitigation Factors

- First of all, any identified situation of COI – in particular situational COI - should trigger a decision not to act or abstain from voting, especially in Board meetings.
- In case of conflicting situation, abstention from participating in the relevant discussion and decision. Where necessary, Directors may be asked or decide spontaneously to step aside from deciding on a specific transaction giving rise to a potential conflict of interest.
- AIFM Directors should always be largely different from the Board of Directors of the AIFs under management, exceptions will be duly considered and the Compliance Officer consulted as appropriate.
- Have a proper functional organisation, where those carrying out activities with customers, where interests may conflict, are actually supervised by the second line of defence.
- Appropriate segregation of duties and activities, such as 1st line (Business) and 2nd line of defence (Control Functions) and Chinese walls should be organised as appropriate, based on the size, nature, scale and complexity of the business of the AIFM.
- In the case where the AIFM partly or wholly delegates one or several functions included in the collective management, it shall ensure that the delegates have taken suitable measures so as to comply with the requirements in the area of conflicts of interest set out in the present conflicts of interest policy.

Disclosure of Conflicts of Interest

If, despite of all precautionary measures and procedures, a conflict of interest remains, the situation should be addressed by disclosing it to AIF under management and/or their investors in a clear and detailed way, including the source of the conflict of interest.

However, COI disclosure is to be considered as a last resort measure only, whereas COI should in practice be identified and acted upon in anticipation.

Miscellaneous - Other Regulatory aspects

- Having a separate COI policy at the level of each AIF under management, is to be considered in particular because COI within an AIF may be different from the AIFM. Unless the AIF has declared to adhere to the COI policy of the AIFM.

- As per AIFM Regulation on Sustainability Risk, COI that may arise as a result of the integration of sustainability risks in the processes, systems and internal controls of the AIFM should also be considered. Hence, potential COI resulting from the AIFM integration of sustainability risk in its process, systems and controls should be reflected in the COI log or register.
- AIFM has also an obligation to perform oversight in terms of COI identification and management at the level of funds under management. In particular, in the context of onboarding new funds, AIFM should ensure that the appointed investment advisor or delegated portfolio manager have a COI policy in place.