

## Conflict of Interest Policy

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## 1. General information and preliminary remarks

This policy applies to Klarphos S.à r.l (hereinafter referred to as "the AIFM" or "the entity" or "the Company") as well as to all other Group units of Hamburg Commercial Bank AG if relevant services are provided to the AIFM.

The provisions set out in this policy and its annexes apply to all (management) levels and employees of the entity or appointed service providers, including the Management Committee (including all Conducting Officers) and the Board of Managers (hereafter referred to as „the Board“).

The applicable legal and regulatory framework consists most notably of the following European and local rules and regulations:

- Law of 12 July 2013 on Alternative Investment Fund Managers (the "AIFM law");
- Commission Delegated Regulation (EU) 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council, as amended;
- CSSF Regulation 10-04;
- CSSF Circular 18/698.

## 2. Purpose and scope of the Conflict of Interest Policy

The Company has implemented this Conflicts of Interests Policy (the "Policy") in view of the Company's approach in identification, prevention, management and escalation of conflicts of interest, which may arise in the course of carrying out the business activities by the Company. As Conflicts of interests generally exist in all business activities and at all firms, this topic needs to be addressed adequately in the course of the business. Conflicts may arise when an entity interest or an employee's personal interests conflict with the interests of clients and/or investors. Conflicts may also arise between the interests of different clients.

For more information please refer to the following chapter of this Policy.

## 3. Conflicts of Interest

### 3.1 Definition of a conflict of interests

A conflict of interest exists when conflicting interests come together in the provision of services and this can result in an impairment of both client interests and the interests of the AIFM, the fund it manages or of affiliated group companies.

Conflicts of interest can arise between the following interest groups (e.g. client - employees) as well as within each of these interest groups (e.g. client to another clients):

- clients,
- entity,
- persons or companies that are directly or indirectly related to the entity through control,
- associated/affiliated companies,
- employees.

The principle that services and the execution of transactions for clients must always be carried out in the client's best interest. In case of doubt or if the interests of the client are equivalent, the interests of the client take precedence over those of the AIFM. The interests of the entity in turn take precedence over the interests of its employees. The specific individual interests of the client are worth protecting, even if these

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interests are objectively unreasonable. The protection of legitimate business interests of the entity does not conflict with the above principles if the interests of the client are taken into account when providing services or conducting business for a client.

The following examples of conflicts of interest are not exhaustive. Accordingly, conflicts of interest may arise in particular if the entity, its employees or persons or companies directly or indirectly affiliated with the entity, due to the carrying out of the AIFM business:

- could achieve a financial advantage or avoid losses at the expense of clients,
- have an interest in the outcome of a service provided to clients or of a transaction carried out for them that is not in line with the client's interest in that outcome,
- have a financial or other incentive to place the interests of one client or group of clients above the interests of other clients,
- pursue the same business as clients or
- in connection with the service provided to a client, receive or could receive in the future a from a third party in addition to the usual commission or fee for this service.

A conflict of interest also exists if there is no risk of an impairment of client's or entity's interests based on the subjective assumption of the employees or the entity, but from an objective point of view (e.g. objective third party, public, client) there is a factual situation that could be expected to impair client or entity interests. This is the case, for example, if the employees or entity providing the service are faced with circumstances which objectively indicate that they may be biased or lack impartiality in the performance of their duties.

Further, a conflict of interest which may arise as a result of the integration of sustainability risks in the processes, systems and internal controls of the AIFM. Such conflict may damage the interest of a client of the Company. The Company applies the measures set out in this Policy to prevent and control conflicts of interest arising from the integration of sustainability risks.

## 3.2. Conflict of interest spheres (conflicting circumstances and services)

Conflicts of interest can, in principle, arise in particular in the case of the services listed below by way of example, as well as from the circumstances listed there (so-called spheres of interest), if applicable considering the nature and extend of business activities:

- Asset management,
- Services of an investment company and custodian bank,
- Proprietary trading by the entity or its affiliates,
- Personal transactions (employee transactions),
- Incentives received from a third party in the form of financial and non-financial benefits or services (grants),
- Other private financial interests, private investments
- Gifts, invitations and other benefits,
- Remuneration structure,
- Business partners and competitors,
- Lack of independence and improper influence,
- Personal and business relationships.

## 3.3. Compliance-relevant information

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Compliance-relevant information within the meaning of the conflict of interest policy is understood to mean all confidential or unpublished information in connection with clients or business activities, unless such information is considered insider information.

Examples of compliance-relevant information (regardless of the investor's legal form) are

- Acquisition/ sale of a participation
- M&A consulting services, as far as they are not listed companies
- Correction of a profit forecast
- Changes in earnings/liquidity
- Change of Managing Director
- Changes regarding the core business areas
- Rating change
- Take-over / compensation offer
- Credit inquiries or extensions

Furthermore, compliance-relevant information includes all information which, either on its own or in combination with others (services, transactions, official and non-official activities), involves a potential conflict of interest.

All compliance-relevant information must be reported to the Compliance Function of the Company.

The above examples are not an exhaustive list. It always depends on the circumstances of the individual case. In cases of doubt, please contact the Compliance Function to determine whether compliance-relevant information is available.

## 4. Principles

The following information serves as a guideline and describes how the AIFM and its employees must deal with a conflict of interest in an appropriate manner. The individual steps to be taken in the event of a conflict of interest are outlined.

### 4.1. Detection of conflicts of interest

In order to solve conflicts of interest properly, all employees must identify and recognize them at an early stage. They must therefore take due care to ensure, in particular when performing their official/professional duties, that circumstances exist which could constitute a conflict of interest taking into account the information available to them and known to them. Employees are under no further obligation to research further circumstances to identify conflicts of interest.

If there is a conflict of interests, the decisive factor is whether it can lead to an impairment of client interests or of the interests of the AIFM and/or its affiliates. If the information available and known does not in itself constitute a conflict of interest, they must nevertheless comply with the reporting obligations of the employees.

### 4.2. Reporting conflicts of interest

If employees and relevant persons identify a potential conflict of interest or a circumstance that results in an impairment of client interests or of the interests of the AIFM and/or its affiliates, or that may result in such an impairment from the perspective of an objective third party, employees must immediately report this conflict of interest to the Compliance Function before such conflict of interests can have an impact. This also applies to conflicts of interest that arise from non-official circumstances (e.g. mandates assumed privately, personal or business relationships) of employees and that may come to light or have an impact

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in connection with official duties. In addition, employees must also report the conflict of interest to the directly responsible manager in their own department, if applicable. Before the Compliance Function reports back to the employee, the activity which may lead to a conflict of interest, cannot be continued.

## 4.3. Avoidance of conflicts of interest

The principle applies that conflicts of interest must be avoided wherever and whenever possible.

If employees identify conflicts of interest or circumstances from which such conflicts of interest may arise, it must be checked, if necessary with the involvement of the Compliance Function, whether the conflict of interest and the threat of a detriment to customer and/or entity interests can be avoided by organizational or other measures. As a principle the interests of clients take precedence over the interests of the AIFM and that the latter takes precedence over the interests of employees.

In order to avoid conflicts of interest as they arise, appropriate organizational measures have to be taken to identify and avoid conflicts of interest to the extent necessary in the respective area of responsibility. These measures must be taken both to prevent and to resolve a conflict of interest that has already arisen:

- Take precautions to effectively prevent or control the exchange of information between employees/relevant persons whose activities may give rise to a conflict of interest if such exchange of information could adversely affect client interests,
- Ensure that the compensation of employees is independent of the compensation of other employees with other responsibilities and of the entity's revenues or bonuses generated by them, if the two activities could give rise to a conflict of interest
- Prevent improper influence of other persons on the activities of employees
- Separate monitoring of employees who, in the course of their professional activities, have potentially conflicting interests, in particular those of clients or of the AIFM and/or its affiliates.

Other organizational measures that may be considered. If the necessary conflict of interest avoidance cannot be achieved with one or more of these organizational measures, alternative or additional suitable and appropriate organizational measures or individual case measures must be set up.

The establishment of (further) measures to avoid conflicts of interest must be based on the principle of appropriateness. When assessing appropriateness, the risk and the weight of the impairment of customer and entity interests, the probability of the conflict occurring, the risk of recurrence, if any, and the effort required to set up the measures must be taken into account.

If a conflict of interest cannot be avoided, there are various ways of preventing an impairment of customer interests and entity interests in the best possible way. These are described later at a later stage of this document.

## 4.4. Separation

Separation serves as a further measure to avoid conflicts of interest. A separation must be made if a conflict of interest would arise within a confidentiality area as a result of confidential information of two conflicting interest groups being obtained which - measured against the principle of necessity - require shielding from each other (e.g. support of two customers who wish to conclude conflicting transactions). Separation may also become necessary to shield confidential information of two conflicting interest groups in order to avoid conflicts of interest.

If a conflict of interest of the above-mentioned type occurs at the AIFM, the measures necessary for separation must be taken, insofar as the separation is necessary and appropriate to avoid the imminent

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impairment of client interests and the conflict of interest is reported as compliance-relevant information. A delimited confidentiality area within a confidentiality area must be created (so-called Chinese Box).

As far as necessary, the departments concerned must implement the following measures to ensure separation and maintain them for the expected duration of the conflict situation:

- the use of separate workrooms,
- the storage of electronically stored documents on access protected drives,
- the temporary separation of the technical reporting line,
- the temporary disconnection of telephone circuits and/or
- the adaptation of email distribution lists.

The above mentioned measures leading to the formation of a so-called Chinese Box are exemplary and not exhaustive. If these measures are not sufficient or do not prove to be appropriate, further or other suitable measures must be taken for the purpose of separation. In the case of separation, it is imperative that the Compliance Function, which advises on the selection and implementation of measures and monitors and documents compliance with them, be involved in good time.

If a conflict of interest that has arisen is resolved by way of separation and the transactions/consulting mandates on which the conflict is based entail a process customary, the separation measures must be implemented and maintained accordingly in all units involved in this process (formation of a so-called tree).

If the conflict of interest has not yet been disclosed to the client(s) concerned, the respective department must decide, with the involvement of the Compliance Function, whether the conflict of interest must be disclosed in accordance with the following section.

## 4.5. Disclosure of conflicts of interest

The disclosure of conflicts of interest is only to be regarded as a last resort and, if used too frequently, is considered a shortcoming in risk management. Under certain circumstances, such a deficiency can lead to a premium on the equity to be deposited.

If the organizational measures taken or available to avoid conflicts of interest are not sufficient to reasonably avoid the risk of an impairment of client interests when conducting transactions for clients (so-called unavoidable conflict of interest), the department concerned must clearly disclose this unavoidable conflict of interest to the client(s) concerned. The AIFM must inform investors of situations where the organisational or administrative arrangements it has taken to manage the conflicts of interest have not been sufficient to guarantee, with reasonable certainty, that the risk of causing damage to the interests of the investment funds or its unitholders will be avoided. The disclosure and transmission of such information must be made in writing using an adequate durable medium. In addition, the AIFM must indicate to investors the reasons for its decision concerning these provisions.

## 4.6. Distance

If there is an unavoidable conflict of interest that could result in an impairment of client or entity interests, the departments concerned must examine whether the transaction should be abandoned. It must be examined in any case if the conflict of interest appears likely to impair client interests to an unacceptable extent, to harm clients and/or to cause legal, reputational or liability risks for the AIFM and/or affiliates. Before doing so, it must first be considered whether disclosure of the conflict of interest to the client concerned can sufficiently safeguard his interests.

The following case constellations, in which a distancing from the business is to be considered, are exemplary

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- any steps chosen to resolve the conflict of interest are not appropriate or are not sufficient to ensure a sufficient level of protection of client or entity interests,
- an individual client insists on wanting to carry out a planned transaction with the AIFM or one of its affiliates on an exclusive basis, without being able or willing to guarantee exclusivity
- the execution of the transaction may result in a liability risk or damage to the reputation of the AIFM and/or affiliates due to the conflict of interest

The decision as to whether and from which business to refrain from is made by the departments affected by the conflict. The Compliance Function is available as a contact person for advice. If several departments are affected by a conflict of interest and an agreement cannot be reached on the distance between these departments, an escalation must be initiated. It is permissible to make the decision on the basis of the strategic or economic interests of the AIFM or affiliates and to resume a transaction once the reasons for the distancing no longer apply.

## 5. Tasks, competencies and responsibilities

### 5.1. Organizational precautions to avoid conflicts of interest

The AIFM has adopted principles and taken precautions to identify and avoid conflicts of interest and to assist employees in identifying and avoiding conflicts of interest. These organizational measures as well as the obligations of employees to identify and avoid conflicts of interest over and above those in the previous chapter are described below.

#### 5.1.1 Reporting obligations of employees and departments

##### Reporting Compliance-relevant information

In order to identify conflicts of interest at the entity at an early stage, the individual departments and employees must report so-called compliance-relevant information to the Compliance Function or grant Compliance access to this information on request. Compliance-relevant information, as described in chapter 3.3, is information about current or emerging business activities or information about individual business or non-business activities of employees which, taken in isolation, do not constitute a conflict of interest but which could trigger a conflict of interest in the event of further, competing or contradictory business activities.

Furthermore, compliance-relevant information is information about a circumstance that is not publicly known, which, if it becomes known prematurely, has or can have a significant impact on the customer or the planned business. This therefore includes all confidential or unpublished information which an employee of the AIFM and/or affiliates receives about a client or business activities in the course of his or her professional activities, unless such information is considered insider information. It is irrelevant whether the client is listed on the stock exchange or not. It is also irrelevant whether the client is a legal entity or a partnership.

When reporting compliance-relevant information, a "person responsible for the business activity" (e.g. "Deal Team Captain") must be named. A person responsible for the business activity must ensure that a reported compliance-relevant information is not freely disseminated and, if necessary, ensure that the documents associated with the compliance-relevant information are backed up on an access-protected drive. When exchanging information with external partners, he/she ensures that the documents are stored in a secure data room and that e-mail communication is encrypted by default. In addition, he/she acts as contact person for the Compliance Function.

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## Preliminary examination (notification with approval requirement)

For certain reportable compliance-relevant information, a preliminary review by the Compliance Function is required. The compliance-relevant information affected by this are in general secondary activities and mandates, sales campaigns, accepting or granting gifts and benefits (reference is made to Inducement Policy private purchase of collateral from liquidations, private real estate transactions, private acquisition or the sale of an investment or the granting of capital as well as personal (private) transactions in securities (reference is made to Personal Transactions Procedure).

In such cases, reporting employees must inform the Compliance Function in due time and obtain prior approval from the Compliance Function for the commencement and execution of the planned transaction at an early stage. The planned transaction may only be commenced or executed once the Compliance Function has given its approval and carried out the preliminary review with a negative result.

## Process-accompanying conflict check (notification without approval requirement)

In the case of a process-accompanying conflict check, Compliance checks the compliance-relevant information reported to it by the departments. If necessary, the compliance-relevant information is entered into the conflict register. In the meantime, the reported business activity may continue to be pursued by the departments without restriction. After conducting the audit and evaluating the results, the Compliance Function informs the reporting department or employees if a conflict of interest has been identified. The Compliance Function will not report back if it has not identified a conflict of interest.

## Elimination of compliance-relevant information

Every department or employee who has reported compliance-relevant information to the Compliance Function is obliged to inform the Compliance Function if the circumstances cease to exist or are no longer suitable for triggering conflicts of interest for other reasons (e.g. termination of a reportable transaction).

### 5.1.2 Independent conflict check

Before carrying out the following activities, an independent conflict check must be carried out by the respective employee:

- Personal transactions (employee transactions)
- Financial portfolio management
- Proprietary business (for the entity's own account)

The independent conflict check includes the following steps:

- Check against the Restricted List of Hamburg Commercial Bank AG. If the entry is correct, the planned action must not be performed.
- Examination whether a compliance-relevant factual situation exists in the context of the planned activity or a conflict of interest occurs. In these cases, the Compliance Function must be involved.

### 5.1.3 Organizational measures

The following section describes organizational measures that must observe and comply with to avoid conflicts of interest. The entity must implement appropriate measures where these do not already exist.

## Structural, process and instruction organization

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In the organization of the departments and in the event of changes to this organizational structure, the AIFM must ensure that the measures listed below are suitable for avoiding conflicts of interest:

- Definition of reporting paths,
- Clear job descriptions,
- Definition of competencies,
- Separation of functions,
- Creation of area-specific instructions and
- Separation of proprietary trading and customer trading.

The departments are responsible for including all measures entailing the establishment or modification of the organizational structure for the purpose of decision-making. Within this process, the Compliance Function is notified of the organizational change prior to the adoption of a resolution for the purpose of checking for conflicts of interest and with the opportunity to comment. Insofar as the departments already identify potential conflicts of interest when planning the organizational change, they must involve the Compliance Function in the planned change at an early stage in an advisory capacity.

## Definition of confidentiality areas

The AIFM has established confidentiality areas (Chinese Walls) which serve to control the flow of information within the AIFM and/or affiliates in order to prevent the misuse of insider-relevant or compliance-relevant information and to maintain the ability of the organizational units to act. Insider-relevant and compliance-relevant information that arises in a confidentiality area may not leave this confidentiality area as a matter of principle.

Unless employees are informed of a separate regulation, the smallest organizational units of the organizational structure also constitute the confidentiality area. In principle, this confidentiality area also includes the higher management levels and the Board, unless special circumstances require the adoption of measures that render the inclusion of these persons unnecessary or even impossible. The circumstances and precautions of these exceptions must be reported to the Compliance Function and documented accordingly by the reporting employee.

In consultation with the departments, the Conducting Officers and/or the Board, the Compliance Function classifies the confidentiality areas with regard to their compliance relevance. Compliance-relevant areas are characterized by the proper presence of insider-relevant and compliance-relevant information.

If projects are set up that give employees access to insider-relevant or compliance-relevant information or produce such information as a result, these projects form a separate confidentiality area.

If supervisory regulations not only permit but also make the division of work across divisions mandatory (e.g. the dual control principle or the front- and back-office principle) and therefore require the establishment of standardized work processes, these processes also constitute an area of confidentiality.

## Measures and characteristics for compliance with confidentiality areas

When organizing facilities, buildings and rooms, the affected departments must take into account the compliance requirements according to this policy. It must be ensured that the respective building, room and seat planning is suitable at its core to limit the flow of information to the respective confidentiality area. If the following activities/functions are mixed up with other activities within a confidentiality area, the respective department must review the legal requirement for physical separation, if necessary with the involvement of the Compliance Function:

- Portfolio management

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- Internal Audit
- Compliance
- Risk Management

If the structure of buildings or rooms does not permit the above-mentioned strict spatial separation, the following precautions must be taken to ensure clear structural separation of the confidentiality areas:

- Relocation or erection of (movable) walls and/or cabinets (visual and sound insulation) and/or
- Installation of ID-card readers at doors to certain confidentiality areas and/or
- Separation of telephone circuits and use of separate meeting rooms for compliance-relevant discussions, if other measures taken are not sufficient.

If a strict separation between the confidentiality areas cannot be implemented due to structural conditions or other reasons, the Compliance Function must be informed. In such cases, the approval of the Compliance Function, the Conducting Officers and the Board is required.

## IT access authorizations

The AIFM has to take IT precautions that limit or exclude access to confidential data (logical access restrictions). The following requirements must be observed:

- Limiting the access authorization of employees to the required minimum,
- Separate drives or ensure an access-protected folder structure between the respective confidentiality areas if confidential information is stored on these drives or folders,
- Deletion of access authorizations that are no longer required according to the need-to-know principle for transfers and complete deletion of user authorizations for resignations and
- Establishment of users after prior signing of a declaration of commitment to properly store compliance-relevant information in certain systems that contain sensitive customer or transaction data.

## Access restrictions

For certain confidentiality areas it may be necessary that permanent access to the buildings and rooms concerned is only permitted to a certain group of people. This applies in particular to the following functional areas, which may or may not exist at the AIFM (i.e. Delegated services):

- Portfolio management,
- Risk management,
- Internal Audit,
- Compliance.

Whether or not access restrictions are actually necessary and appropriate to avoid conflicts of interest in the areas mentioned is determined by the Compliance Function, the Conducting Officers and the Board, taking risk aspects into account. The results of this coordination are documented in a comprehensible manner.

In principle, access to the restricted areas may only be granted to the group of employees belonging to these areas and, in exceptional cases, to persons of such areas who monitor, assist or support these areas (e.g. internal and external IT units). If necessary, access authorizations are to be granted only temporarily.

## Professional and personal aptitude of the employees

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A key element in connection with the establishment and ongoing compliance with all preventive measures is the personal and professional aptitude of employees. A special focus is placed on the selection of employees at the time of recruitment. In the context of appropriate selection procedures, care must be taken to ensure that the (future) employees concerned have basic knowledge of compliance in addition to professional qualifications, and that their personal suitability is not impaired by discernible private circumstances.

The AIFM must pay attention to these attributes when hiring new employees or transferring employees within Hamburg Commercial Bank AG group and must inform the Compliance Function immediately of any new hires, transfers and the departure of employees.

As a general rules of conduct, the expected personal behaviour includes:

- Seal buildings, rooms and office furniture accordingly,
- Use secure passwords,
- Meetings involving confidential information or personal data should be held in locked rooms, if feasible,
- to appear professional and discreetly in public
- to critically examine whether and to whom information may or must be passed on (applies in particular to the use of email distribution lists).

## Information transfer and communication

With regard to the disclosure of confidential compliance-relevant information, the AIFM points that

- the disclosure of this information to employees of other confidentiality areas is only permissible if the recipient of this information has a legitimate official interest in it and the scope of disclosure is limited to the necessary extent (need-to-know principle),
- the disclosure of this information to the recipient must not give rise to a conflict of interest on the part of the recipient,
- the recipient must be adequately informed of the existence of such information; and

### 5.1.4 Code designations are to be assigned and used for compliance-relevant projects or transactions, if appropriate.

Information relevant to conflicts of interest may also require confidentiality. If such a confidentiality requirement exists, the aforementioned principles must be applied accordingly in the cases affected by it.

### 5.1.5 Training

Training is a particularly suitable measure to sensitize employees to the preventive identification and avoidance of conflicts of interest. For this reason, the employees, whose activities may give rise to conflicts of interest must be trained regularly and adequately by the AIFM and/or affiliates. However, there is no general obligation to provide regular training to employees not classified as compliance-relevant. The classification is determined by the Compliance Function. These employees receive training as required or as needed. All employees are obliged to take part in the relevant training as soon as they are requested to do so by the Compliance Function.

### 5.1.6 Conflict of interest measures within the Compliance Function

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## Conflict Register

In accordance with the CSSF Circular 18/698 the Compliance Function has to establish a system for identifying conflicts of interest in the form of a conflict register, which contains relevant information and types of activities carried out by itself or on behalf of itself in which a conflict of interest entailing a material risk of damage to the interests of one or more investment funds or other investors of these investment funds has arisen or, in the case of an ongoing activity, may arise. In practice, the register should contain the description of the conflict of interests (whether it is potential or has materialised), the identification of the person or business unit concerned by the conflict of interest, the date at which the conflict of interest has arisen or been discovered, the potential and existing impact of the conflict of interest, the description of the solutions considered and measures decided on as well as information regarding measures related to the information of investors.

The conflict register is maintained and regularly updated, as deemed appropriate, by the Compliance Function and kept confidential. Upon request, the AIFM transmits a copy of the register to the CSSF.

The main potential sources of data for the conflict register to identify conflicts of interest are

- reported compliance-relevant information,
- individually reported conflict of interest cases,
- insider information,
- mandates and secondary activities,
- gifts and benefits,
- private investments and transactions,
- the list/portfolio of investments of the AIFM.

The Compliance Function identifies potential conflicts of interest at an early stage by comparing the available information as part of a process-related conflict review or a preliminary examination. If necessary, other data sources can be included for identifying conflicts of interest.

## Monitoring

The AIFM has to take precautions to ensure the ongoing monitoring of circumstances with potential for conflicts of interest or the monitoring of measures to deal with conflicts of interest that have actually occurred. These tasks are performed by the Compliance Function and include the following specific measures:

- identifying and assessing circumstances with potential for conflict of interest,
- the ongoing monitoring of compliance with measures to deal with conflicts of interest that have actually occurred; and
- to the extent necessary, the separate monitoring of employees who have conflicting interests in the provision of services, if this conflict cannot be resolved in any other way

## 5.2. Prevention and infringements

All employees are obliged to report immediately to the Compliance Function any (suspected) breaches of rules occurring within the AIFM and/or affiliates that are related to conflicts of interest.

Violations of the provisions of this policy may result in consequences under labour law for employees and in regulatory sanctions and liability consequences for the AIFM. In addition, violations of the aforementioned kind entail high reputational and financial risks for the AIFM as well. If criminal offences such as those resulting from insider trading are violated, criminal law consequences and recourse claims against employees may also arise.

## 5.3. Responsibilities

### 5.3.1 Board/Management Committee

Each member of the Board and Management Committee/Conducting Officers should arrange her/his personal and business affairs so as to avoid, as far as possible, conflicts of interests with the entity. Moreover, anyone who has interests in conflict with the entity or is obligated to represent such interests on behalf of third parties should not participate to that extent in decision-making. Anyone having a permanent conflict of interest should not be a member of the Board or the Management Committee.

In case the AIFM delegates an activity to a third party, it must ensure that the delegate has a conflict of interests policy in place which is regularly updated.

Further the principle of maintaining a balance between direction and control should also apply to the top of the entity. If, for reasons specific to the entity or because the circumstances relating to availability of Senior Management makes it appropriate, the Board decides that a single individual should assume joint responsibility at the top of the entity, it should provide for adequate control mechanisms.

### 5.3.2 Employees

The employees of the AIFM and/or affiliates are instructed to observe and implement the regulations set out in this policy. Within their own area of responsibility, they are responsible for identifying and properly handling conflicts of interest.

The heads of the departments and other managers of the AIFM and/or affiliates bear particular responsibility for identifying conflicts of interest, avoiding them and dealing with them appropriately. They must cooperate fully in identifying and resolving conflicts of interest. They must ensure that existing or newly created instructions within their area of responsibility do not violate the principles set out in this policy as a framework instruction.

The employees are obliged to take measures to ensure that

- there are documented processes in place in the area under their responsibility to avoid and identify conflicts of interest at an early stage, where such processes are necessary due to potential conflicts of interest in that area,
- they are regularly informed about the nature and extent of conflict of interest situations,
- the regulations, instructions and reporting obligations set out in this policy are implemented within their area of responsibility,
- any conflicts of interest that have arisen and the measures taken to resolve them are documented in your department,
- the Compliance Function is informed of any conflicts of interest that have occurred and the measures taken, and documentation is made available on request.

### 5.3.3 Compliance Function

The Compliance Function is assisting the Board in ensuring that, in accordance with the size and organization of the AIFM as well as the nature, scope and complexity of its business activities, appropriate principles for dealing with conflicts of interest are established, resources are maintained and procedures are in place to avoid conflicts of interest and to comply with and prevent violations of the rules set out.

In this capacity, the Compliance Function controls the conflict of interest management. It acts neutrally, independently and without instructions. Its main task is to monitor compliance with legal and supervisory regulations and to review the internal principles and precautions established for this purpose with regard

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to their appropriateness and effectiveness. The Compliance Function advises and supports the AIFM, its affiliates and employees in identifying conflicts of interest and in implementing and adhering to measures and rules for dealing with conflicts of interest.

The Compliance Function prepares, reviews and updates this policy as required, but at least once a year. It also reports on activities and findings relating to conflicts of interest as part of regular reporting to the Board and the Management Committee.

## **Documentation and storage**

Identified conflicts of interest and the measures taken to resolve them (including disclosure) and decisions taken in this context must be documented with appropriate justification and all relevant information. The departments document their own activities and forward their documentation to the Compliance Function, which may add or produce additional information, for safekeeping upon request. The Compliance Function is the main point of record and documents its own activities, especially within the conflict register. This includes audits/reviews performed that serve to identify a conflict of interest.

The period of retention is, in principle, ten years. The period at the end of the year in which the activities to identify potential conflicts of interest were carried out or in which the actual conflict of interest was finally resolved.

## **6. Escalation**

If no agreement can be reached or no decision can be made on the identification, handling and resolution of conflicts of interest at the level of the responsible employees the decision must be obtained from the Compliance Function. Should the Compliance Function need further guidance on such a conflict, it will escalate it to the Management Committee or the Board.

## **7. Entry into force**

This policy comes into force upon the approval of the Board.