



# CONFLICT OF INTEREST POLICY

**Primonial REIM Luxembourg**

**December 2023**

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## 1. GLOSSARY

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Term	Description
<b>AIF</b>	Alternative Investment Fund
<b>AIFM</b>	Alternative Investment Fund Manager according to the Luxembourg law of 12 July 2013 on alternative investment fund managers
<b>Board, BoD</b>	Board of Directors of PREIM Lux
<b>Compliance Officer</b>	Person appointed by PREIM Lux to be responsible for managing the Compliance Function
<b>Conflict of Interest</b>	A Conflict of Interest is a situation where different parties have interest that conflicts with each other, and where the existence of such situation may damage the interest of an Investor.
<b>CSSF</b>	The Luxembourg financial supervisory authority (Commission de Surveillance du Secteur Financier)
<b>Employee</b>	For the purpose of this policy, any person benefiting from an employment agreement with the AIFM. For the avoidance of doubt, Employee shall include both Employees with a permanent employment contract and Employees with a fixed term employment contract.
<b>Fund</b>	For the purpose of this policy, all investment funds managed by the AIFM under the Law of 12 July 2013 on alternative investment fund managers (the "2013 Law").
<b>Investors</b>	Investors in the AIFs managed by the AIFM also referred as "Client", "Customer"
<b>Managers</b>	Persons who effectively conduct the business, executive members or members of the governing body of PREIM Lux (also known as Conducting Officers)
<b>PREIM Lux</b>	Primonial REIM Luxembourg
<b>Policy</b>	The subject Conflicts of interest policy as amended from time to time
<b>Service Providers</b>	All service providers providing services to the AIFM and the Funds pursuant to delegation agreements, specifically with regard to the accounting, central administration agency, custodian, IT and internal audit functions and their respective affiliates, directors, officers, partners, as applicable.

## 2. APPLICABLE REGULATIONS<sup>1</sup>

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<b>EU Directives</b>	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers
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<sup>1</sup> As amended from time to time

<b>Delegated Regulations</b>	Commission Delegated Regulation no 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision
<b>Laws</b>	Law of 12 July 2013 on AIFMs
<b>Circulars</b>	Circular CSSF 18/698 Authorisation and organisation of investment fund managers incorporated under Luxembourg law

### 3. SCOPE

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**Conflicts of interest** describe situations **where discrepancies – ethical or forbidden by internal company regulations - may appear between stakeholders of a company (shareholders, staff, managers) on one side, and the company’s clients on the other side.** Eventually, these discrepancies may directly or indirectly jeopardize the interests of the Funds’ Investors.

Therefore, to **ensure clients’ interests are always put first and safeguarded**, in compliance with applicable laws and regulations, the Compliance Officer – under the Board’s responsibility – establishes **an appropriate framework to identify, mitigate and manage conflicts of interest.** The Compliance Officer also ensures that all staff complies with the associated rules.

**Employees and all directors of the Company or the Funds (the “Directors”) must be attentive to actual or potential conflicts of interest that may arise in connection with the activities of the AIFM and whose existence may damage the interest of the Funds or one or more other Investors.**

**When such situations arise, the AIFM, its Employees and the Directors must handle the Funds and Investors in a sound and fair manner, never putting their own or the Companies’ interest ahead of the interest of the Funds or Investors or a specific Investor’s interest ahead of another Investor’s interest.**

**Employees shall be familiar with this Policy and follow it in their daily activities.**

The subject Conflicts of interest policy (the « Policy ») describes the framework set by Primonial REIM Luxembourg (“PREIM Lux” or the “AIFM”) in relation to conflicts of interest. It covers both the activities carried out directly by PREIM Lux and the ones carried out on its behalf (including when the entity performing the activity is a delegate, an external appraiser or a counterparty to an OTC derivative contract). The Policy is reviewed and validated at least annually by the Board.

### 4. POLICY FRAMEWORK

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For the purposes of this policy, the term “client” covers the alternative investment funds (“AIFs”) managed by PREIM LUX and the investors of these AIFs.

#### Identification of conflicts of interest: mapping of potential conflicts of interest

Based on Article 14 of EU Directive 2011/61, the risk of conflict of interest may materialize in various situations involving:

1. the AIFM, including its managers, employees or any person directly or indirectly linked to the AIFM by control, and the AIF managed by the AIFM or the investors in that AIF;
2. the AIF or the investors in that AIF, and another AIF or the investors in that AIF;
3. the AIF or the investors in that AIF, and another client of the AIFM; and
4. two clients of the AIFM.

To identify these situations, **PREIM Lux defines a map of the potential conflicts of interest.** This map lists the situations which are likely to result in a conflict of interest. The map presents typical situations resulting in conflicts of interest, which may jeopardize one or several clients' interests.

The Compliance Officer is responsible for setting up this conflict of interest map listing the potential risks PREIM LUX could face. This map shall be updated, at least annually, through the identification of new /emerging risks and considering the AIFM's internal organization – new activities, changes in technical or human resources – as well as the conflicts of interest that may have materialized over the past years. Such changes shall be signed-off by the Board.

**Based on this mapping, PREIM Lux will then be able to determine mitigating measures to avoid new conflicts or when they cannot be avoided, to manage them.**

**Each Employee or Director that encounters situations that might represent a conflict of interest shall promptly inform his/her immediate supervisor. If the conflict of interest is significant, the Conducting Officers and the Compliance Officer shall be informed directly.**

The Board, the Conducting Officers and the Compliance Officer shall regularly review situations that may represent conflicts of interest and the handling of such conflicts. They shall also decide on measures to avoid that any party is inappropriately favoured.

The Board shall be informed about the occurrence of any significant conflict of interest, how such conflict of interest is handled. The Board shall also be notified about any significant information regarding other conflicts of interest.

The Board shall make decisions concerning matters of principle that relate to conflicts of interest.

### **Measures for avoiding conflicts of interest**

PREIM Lux has established internal procedures to prevent conflicts of interest from arising, in compliance with (among others) the Luxembourg law of 12 July 2013 and the CSSF circular 18/698.

The Conducting Officers shall ensure that the framework in place is appropriate to identify and prevent conflicts of interest, to protect the AIFs interests as well as the investors'. They shall also ensure that the procedures are communicated to PREIM Lux employees and Directors and complied with.

**The Employees and Directors must be aware of the possibility to face conflicts of interest in the course of their activities.** They must be able to identify these conflicts and to apply the relevant procedures shall a conflict of interest arise.

Such procedures are stored by the AIFM, and established to ensure that the relevant employees and Directors, when involved in activities which bear a risk of conflicts of interest, perform these activities with the appropriate level of independence considering the AIFM's organization and activities.

The procedures discuss the following points (among others):

1. **segregation between the portfolio management and risk management functions, and incompatibility principle between the portfolio management function on one side, and the compliance / internal audit functions on the other;**
2. **absence (or at least control) of information exchange between employees or Directors performing activities bearing a risk of conflicts of interest, when exchanging this information may jeopardize one or several clients' interests.** PREIM Lux's employees are made aware of the need to comply with the following principles:
  - confidentiality of the information managed by employees, in the interest of clients;
  - impossibility to act upon insider information which employees or Directors may access, for their own benefit or the benefit of others. This is discussed in PREIM LUX's personal transactions policy;
3. **specific monitoring of employees or Directors whose activities are performed on behalf of / services are provided to certain clients, when the client's (or group of clients') interests are conflicting,** or when the relevant persons represent different interests (including the AIFM's) which may be conflicting. PREIM Lux's employees are made aware of the need to comply with the principle of fair treatment among clients.
4. **absence of any direct link between the remuneration of a group of employees performing a specific activity and the remuneration of another group of employees performing a specific activity, or the revenues generated by this other group of employees, when a conflict of interest is likely to arise as a result of these activities.** PREIM LUX's employees are made aware of the need to comply with the following principles:
  - Selection of financial counterparties based on objective criteria such as the quality of provided services;
  - Transparency of the remuneration schemes;
  - AIFM's remuneration policy;
5. **Measures aimed at preventing any person from exercising undue influence on the way a given person performs its work.** PREIM Lux's employees and Directors are made aware of the need to comply with the following principles:
  - Selection of financial counterparties based on objective criteria such as the quality of provided services;
  - PREIM Lux's inducement policy.
6. **Measures aimed at forbidding / controlling the involvement of an employee in several investment services or activities when such involvement is likely to jeopardize the adequate management of conflict of interest.** The following internal documents cover these measures:
  - AIFM's organization chart;
  - Job descriptions.

7. **Measures allowing to ensure that an employee of the AIFM can - only as an employee of the AIFM and on behalf of the AIFM – provide advisory services to companies whose shares are held in managed or target investment vehicles, and whose acquisition is envisaged.** The following internal documents cover these measures:
  - Job descriptions;
  - Control of employees and Directors internal and external mandates.

General provisions to handle potential and existing conflicts of interest:

1. **Procedures.** The AIFM has implemented specific procedures in order to prevent such conflicts of interest. For the AIFM, these procedures are included in the following documents: Personal Transactions Policy, Code of Conduct, Compliance Policy and Charter, Remuneration Policy, Investment Policy, Inducement Policy, Organization Chart and Valuation Policy.
2. **4 eyes principle.** When handling processes and making business decisions regarding the Funds or one or more Investors, the so-called “four-eye principle” shall be applied in internal routines. This means that processes or decisions shall be executed, handled or made by the involvement of more than one member of the staff, when possible.
3. **Segregation of duties.** When allocating tasks and responsibilities to Relevant Persons and Service Providers, the segregation of duties principle shall be applied in order to avoid any conflicts of interest.
4. **Confidential and non-public information.** Confidential and non-public information regarding the AIFM, the Funds, Investors, business activities, markets or other circumstances that could affect the market value of a product shall be kept strictly confidential and never be used in an undue manner that may have a negative effect on one or more of the Funds or Investors. Access to such information shall be restricted to those who need it in order to conduct their work in consistency with the legitimate interest of a Fund or the Investors.
5. **Information barriers / chinese walls.** Where necessary to avoid conflicts of interest, the AIFM shall maintain information barriers; between the AIFM and Service Providers and between Funds where Relevant Persons provide services or undertake activities, where such information can influence the Relevant Persons in a way that may give rise to a conflict of interest.
6. **Arm’s length basis.** The AIFM enter into all transactions on an arm’s length basis.
7. **Records.** The AIFM keep a record of any situation where a conflict of interest has taken place, as well as any actual mitigation and/or remedial measures taken.
8. **Communication.** If a potential or actual conflict of interest comes to the attention of any Relevant Person, he/she shall promptly inform his/her immediate supervisor.

## Conflicts of interest management

For certain complex situations where procedures and frameworks in place cannot reasonably allow to avoid conflicts of interest, PREIM Lux implements a conflict of interest management procedure based on a principle of transparency of its actions towards its clients.

#### **A. Identification and conflict of interest and escalation process**

**Any Employee or Director who is exposed to a potential or materialized risk of conflict of interest must inform his manager and/or PREIM Lux's Compliance function.** This information is communicated to the Conducting Officers, which may escalate it to the Board if the conflict of interest cannot be avoided.

In addition to the regular review of the Policy, the Compliance Officer **maintains an up-to-date list of all the mandates of each of the Conducting Officers and ensures no significant conflict of interest (actual or potential) is open.**

**The Board ensures during each meeting that each member declares the potential conflicts of interest in relation to any of the points discussed during the meeting. In case of conflict of one or several members on the topics discussed, the Board ensures that there is still a sufficient quorum to decide on the relevant topics.**

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

**The Compliance Officer remains at the disposal of Employees and Directors to identify and analyze any potential or open cases of conflicts of interest.** He also manages the escalation process and works with the Board to analyze the nature, root causes and consequences of any identified conflicts of interest. Once the analysis is performed, two scenarios may appear:

- The event does is not likely to translate into a conflict of interest detrimental to the AIF or its investors: the Compliance function justifies its decision and closes the case in the conflicts of interest register;
- The conflict of interest is real: the Compliance Officer works with the Board to implement the appropriate urgency measures to limit the immediate consequences of the conflict. The Compliance Officer may (among other measures) decide temporarily to limit information exchanges.

Following this, the Compliance Officer and the Board define and implement the corrective actions to avoid or limit reoccurrence of the conflict of interest, modifying or adapting the relevant procedures and/or strengthening the control framework if such actions are possible.

The Compliance Officer maintains and updates a register of open conflicts of interest, where he lists the situations which officially translated into a conflict of interest. He also provides detailed information, for each situation, on the mitigating / correcting measures implemented.

### **Communication with clients**



Should PREIM Lux identify a situation that could potentially be detrimental to its clients' interests, the Compliance Officer and the Board may deem appropriate to inform the client about the nature, causes and consequences of the conflict, before acting on his / her behalf. This information may be communicated through a letter to the relevant client(s).

The client will then be able to make an informed decision on the proposed advice or service. The relevant information exchanges shall be saved on PREIM Lux's files.

#### 4. WEAKNESSES IN MEASURES AND ROUTINES TO HANDLE CONFLICTS OF INTEREST

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If any Employee or Director identifies that the organizational and administrative measures set out in this Policy are insufficient to ensure, with reasonable confidence, that the risks of damaging an Investor's interest will be prevented, such person shall promptly inform the Compliance Officer and the Conducting Officers who shall make the necessary decisions to ensure that the AIFM act in the best interest of the Funds and of its Investors.

The Conducting Officers of the AIFM shall take any additional corrective measure in order to protect the best interest of AIFM, the Funds and the Investors. If the Conducting Officers lack authority to make necessary decisions, they shall immediately transmit the matter to the Board.

The Conducting Officers and/or the Compliance Officer shall immediately inform the Board of any significant conflict of interest.

#### 5. CONFLICT OF INTEREST DATABASE

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The AIFM shall keep and regularly update a record of the types of activities undertaken by or on behalf of the AIFM in which a Conflict of Interest entailing a material risk of damage to the interest of one or more AIFs or its Investors has arisen or, in the case of an ongoing activity, may arise.

Where a conflict has arisen, steps are taken to ensure that the conflict either does not arise again or is properly managed so that Investor interest remain paramount. These details are recorded in a Conflict of Interest Database.

The information in the dedicated database includes:

1. the description of the Conflict of Interest (whether potential or actual);
2. the identification of the person or the function concerned by the Conflict of Interest;
3. the date on which the Conflict of Interest occurred or was discovered;
4. the potential or actual impacts of the Conflict of Interest;
5. the description of the envisaged solutions and chosen measures;
6. where appropriate, the arrangements for informing investors.

Upon request, the AIFM must submit a copy of the records to the CSSF.

## 6. OVERVIEW OF 1ST AND 2ND LINE CONTROLS

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Permanent controls and oversight are set by the AIFM, through the monitoring by the Compliance Officer and the Board. These controls are formalized, documented and are archived on PREIM Lux's internal folders.

The Compliance Officer shall report on a quarterly basis to the Conducting Officers any new cases of conflicts of interest.

The Compliance Officer must at least annually provide the Board an update of the conflict of interest database.

## 7. COOPERATION WITH THE PRIMONIAL GROUP

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PRL is part of the Primonial Group and will cooperate with the Compliance function established at the Primonial Group level.

Within this cooperation the Compliance Officer of PRL will inform the Compliance function at Primonial Group level of any new entry in the Conflict of Interest Database.

## 8. REVIEW OF THE POLICY

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The Policy will be reviewed at least once a year by the Conducting Officers under the supervision of the Board. In fact, the Conducting Officers conduct a central and independent review of the implementation of the Policy to assess if it:

- Is operating as intended; and
- Is compliant with national, international regulations principles and standards applicable to the sector within which PREIM Lux operates.

Where no update is required, the Policy will be applied consistently over time. Where update is required, formal approval by the Board is necessary.