



# **Conflicts of Interest Policy**

**Active Ownership Corporation S.à r.l.**

**17, rue de Flaxweiler**

**L-6776 Grevenmacher**

**T: 00352 288 001 20**

**Version 2 as of September 2020**

## Table of Contents

1	Definitions.....	3
2	Introduction.....	4
3	Scope and purpose of the Policy .....	4
4	Responsibilities and relevant persons.....	5
5	Guiding principles.....	5
6	Identification of conflicts of interest.....	6
7	Management of conflicts of interest.....	7
7.1	Culture of Integrity.....	7
7.2	Education and training.....	8
7.3	Supervision and levels of independence .....	8
7.4	Other .....	8
8	Escalation and clearance of conflicts of interest.....	8

## 1 Definitions

Abbreviation	Definition
AIF	Alternative Investment Fund or a sub-fund thereof managed by AOCorp
AIFM	Alternative Investment Fund Manager
AIFM Law	Luxembourg Law of 12 July 2013 on alternative investment fund managers, as amended
AIFM Regulation	Commission Delegated Regulation (EU) No 231/2013
AOCorp	Active Ownership Corporation S.à r.l.
AOF or Fund	Active Ownership Fund SICAV-SIF SCS – Fund I
Board of Mangers or BoM	The Board of Managers of AOCorp
Company	Active Ownership Corporation S.à r.l., a limited liability company ( <i>société à responsabilité limitée</i> ) organised under the laws of the Grand Duchy of Luxembourg, having its registered office at 17, rue de Flaxweiler, L-6776 Grevenmacher, Luxembourg, and registered with the Luxembourg Register of Companies ( <i>Registre de Commerce et des Sociétés</i> ) under number B 237.258.
Conducting Officer or CO	A Conducting Officer of the AIFM
CCO	Chief Compliance Officer
CSSF	The Luxembourg regulator of the financial sector ( <i>Commission de Surveillance du Secteur Financier</i> )
Manager	Member of the Board of Managers
Policy	Conflict of Interest Policy
R.C.S.	Luxembourg Register of Companies
Staff	AOCorp employees, conducting officers, employees of group companies insourced by AOCorp and certain temporary employees

## 2 Introduction

Active Ownership Corporation S.à r.l. (“**AOCorp**”) is an alternative investment fund manager (“**AIFM**”) authorised by the *Commission de Surveillance du Secteur Financier* (“**CSSF**”) in Luxembourg under Chapter 2 of the law of 12 July 2013 on alternative investment fund managers (“**AIFM Law**”), the Delegated Regulation 231/2013 and all other relevant and applicable Laws, Regulations and CSSF Circulars in their currently valid version.

AOCorp has its registered seat at 17, rue de Flaxweiler, L-6776 Grevenmacher and is governed by the Board of Managers (“**BoM**”). It is registered with the Luxembourg Register of Companies (“**R.C.S.**”) under number B 237.258.

AOCorp obtained its AIFM license on 13 August 2019, and is registered with CSSF register number A00002485.

AOCorp inter alia is appointed as AIFM of Active Ownership Fund SCS, SICAV-SIF (R.C.S. register number: B 200.454, CSSF register number: 000008641) (“**AOF**”).

Pursuant to the AIFM Regulation and the relevant European regulations, an AIFM must have a strong internal governance framework that ensures the sound and prudent management of its activities and inherent risks. This means in particular that the internal governance must ensure sound and prudent management of the AIFM’s activities including their inherent risks. In order to achieve this objective an AIFM must set up an internal governance system that complies with the “three-lines-of-defense-model” concept.

In order to fulfil the above mentioned requirements AOCorp established and implemented the below described procedures setting out the general rules and principles regarding conflicts of interest (“**Policy**”). The Policy is appropriate to the size and organisation of AOCorp and the nature, scale and complexity of its business.

The Policy is reviewed on a regular basis, at least once a year or event driven in order to comply with the AIFM Regulation.

## 3 Scope and purpose of the Policy

AOCorp recognizes its responsibilities under the AIFM Regulation and is committed to identifying, managing and monitoring actual or potential conflicts of interest appropriately to ensure that its investors and business partners are treated fairly and are protected from any damage due to conflicts of interest.

Due to inherent limitations of the Policy in eliminating all conflicts of interest and ensuring its total effectiveness, the Policy sets out AOCorp’s overall approach in properly identifying and managing conflicts of interest, and considers mainly the following:

- Identifying circumstances or potential circumstances that may give rise to a conflict of interest, including those entailing a material risk of financial damage to the interests of the AIFs and their investors;

- Detailing procedures and measures to be adapted and followed in order to prevent, manage and monitor such actual or potential conflicts of interest;
- Providing a framework as well as escalation procedures to deal with conflicts of interest internally and to allocate responsibilities accordingly;
- Implementing the obligation and requirement to document, report and, where relevant, disclose conflicts of interest.

#### **4 Responsibilities and relevant persons**

AOCorp's Board of Managers is responsible to take all reasonable steps to ensure compliance with the Policy and to provide the human and technical resources required for its implementation. The BoM has to approve the Policy.

It is the responsibility of the CCO to monitor adherence to the Policy and to inform the BoM in case of any breach or violation he becomes aware of during the normal course of his ongoing assessments.

The CCO regularly reports to the COs and to the BoM on the performance of the controls covered by this Policy.

It is further the responsibility of all relevant persons to adhere to the Policy. Infringement of its content may result in disciplinary actions including a dismissal.

Relevant persons in the context of this Policy shall include:

- AOCorp's Board of Managers, Conducting Officers and staff;
- AOCorp's Board of Managers, Conduction Officers and staff that, based on their interest(s) held, may be in a situation of a conflict of interest;
- Any other individual who is directly involved in the provision of services to AOCorp.

#### **5 Guiding principles**

AOCorp applies the following guiding principles in identifying and managing conflicts of interest:

- AOCorp is committed to treat its funds, investors and business partners fairly and with integrity.
- AOCorp is committed to comply with all applicable legal and regulatory requirements relating to conflicts of interest.
- AOCorp is committed to maintain and operate effective organisational and administrative arrangements to identify and manage conflicts of interest including those possibly arising as a result of its structure and business activities conducted jointly with other service providers.

- AOCorp acknowledges the importance of a culture of integrity to manage conflicts of interest. As such all employees have a duty to be mindful of conflicts of interest and to take all reasonable steps to assist in their identification and proper management, including a prompt and expedient escalation of conflicts as they arise to the Compliance Function and/or the relevant CO.
- The BoM takes reasonable steps to ensure that the employees' remuneration and reward structures are aligned with the overall goals of this Policy.
- AOCorp expects that where an employee is aware that he/she or AOCorp have a material interest, which could influence their dealings with or advice to a Fund and its investors, that the interest must be disregarded and the employee must act in the interest of the Fund. Additionally, the interests of AOCorp also precede the interests of any employee.
- AOCorp is committed to take all reasonable steps to ensure a proper disclosure of residual conflicts of interest (if any) to its investors.

## **6 Identification of conflicts of interest**

For the purpose of identifying the types of conflicts of interest that may arise in the course of providing services and activities and whose existence may damage the interests of the Fund or its investors, AOCorp takes into account, by way of minimum criteria, the question of whether AOCorp or a relevant person, or a person directly or indirectly linked to AOCorp by way of control, is in any of the following situations:

- a) AOCorp or that person is likely to make a financial gain or avoid a financial loss, at the expense of the Fund or its investors;
- b) AOCorp or that person has an interest in the outcome of a service or an activity provided to the Fund or its investors or to a client or of a transaction carried out on behalf of the Fund or a client, which is distinct from the Fund's interest in that outcome;
- c) AOCorp or that person has a financial or other incentive to favour:
  - the interest of a Fund of a different type, a client or group of clients or another fund over the interest of the Fund; or
  - the interest of one investor over the interest of another investor or group of investors in the same Fund.
- d) AOCorp or that person carries out the same activities for the Fund as for one or several funds or clients which are or are not of the same type;
- e) AOCorp or that person receives or will receive from a person other than the Fund or its investors an inducement in relation to the collective portfolio management

activities provided to the Fund, in the form of monies, goods or services, other than the standard commission or fee for that service.

AOCorp takes all reasonable steps to identify conflicts of interest that arise in the course of managing funds between:

- a) AOCorp, including its Board of Managers, Conducting Officers, employees or any person directly or indirectly linked to AOCorp by control, and the fund managed by AOCorp or the investors in that fund;
- b) the fund or the investors in that fund, and another fund or the investors in that fund;
- c) the fund or the investors in that fund, and another client of AOCorp;
- d) the fund or the investors in that fund, and a fund of a different type managed by AOCorp or the investors in that fund; or
- e) two clients of AOCorp.

## **7 Management of conflicts of interest**

In general, the reputation and financial standing of AOCorp and its funds can be severely harmed following even the mere appearance of a conflict of interest. Therefore, AOCorp will take whatever steps are deemed necessary in order to avoid any negative implication for itself or its administrated funds due to a conflict of interest.

AOCorp further requires adherence to specified procedures and/or adoption of appropriate measures to manage conflicts of interest as described in the following items of this section.

This list is not exhaustive. The measures and procedures below may be combined to manage conflicts of interest and aim to ensure the appropriate level of independence. The fact that a particular practice or condition is not mentioned or prohibited does not mean that it has been approved. In case of doubt, the CCO should be consulted.

If the measures and procedures listed do not in some way reasonably ensure the appropriate management of a conflict of interest, the employee or department concerned shall adopt alternative and/or additional measures and procedures, including appropriate use of disclosure, to accomplish that purpose.

### **7.1 Culture of Integrity**

AOCorp promotes a culture of integrity which emphasizes that employees have a fiduciary duty to be alert for potential conflicts of interest. Additionally, the CCO, the Conducting Officers and the Board of Managers are dedicated to take all reasonable steps to assist in the management and remediation of potential or actual conflicts of interest.

## **7.2 Education and training**

AOCorp delivers education and training to its employees on a regular basis to educate and reinforce its culture of integrity and requirements with regard to conflicts of interest. In this context it is ensured that:

- all employees have permanent and easy access to AOCorp's Rules of Conduct as well as all other relevant policies and procedures;
- each employee receives a copy of the Rules of Conduct on commencing their employment. The employee will sign that he/she has read and understood these Rules of Conduct and commit in writing to respect them.

## **7.3 Supervision and levels of independence**

AOCorp implemented:

- levels of independence and supervision for persons engaged in activities entailing a conflict of interest, applying the principle of proportionality;
- preventive measures to limit any person from exercising influence, that may be deemed inappropriate, in the way the relevant person may carry out a service or business. The fact that a person holds a certain position in AOCorp shall not be misused to seek or accept any business opportunity, favour or benefit to the detriment of the funds, their investors or other employees or to achieve certain decisions;
- preventive measures, applying the principle of proportionality, to limit the involvement of a relevant person in a number of separate functions, where the involvement may impair the proper management of conflicts of interest.

## **7.4 Other**

AOCorp's organisational structure, its systems and the separation of tasks and activities provided for within the company, as well as this Policy for managing conflicts of interest and all other policies in place are designed to ensure the provision of services on a fully impartial basis.

## **8 Escalation and clearance of conflicts of interest**

In line with the AIFM Regulation, AOCorp has in place a register to document all types of activities carried out by or on behalf of AOCorp in which a (potential) conflict of interest entailing a material risk of damage to the interest of one or more funds or their investors or other clients arose, or, in the case of an ongoing activity, may arise.

The register is maintained by the CCO, and is updated whenever a (potential) conflict of interest is identified and generally whenever required by changing circumstances.



The register is submitted to the Board of Managers at least on a yearly basis.

When a (potential) conflict of interest identified cannot be dealt with or addressed within the normal procedures as stated above, the formal escalation procedure applies and the conflict must be reported immediately to the CCO. The CCO will record the (potential) conflict of interest in the register and consider possible and adequate solutions in case of a given conflict.

In case the CCO needs further guidance on such conflicts, he will report them to the Conducting Officers and/or the Board of Managers. They will consider the (potential) conflict situation in detail and decide on further proceedings thereafter.

If a conflict of interest cannot be avoided or mitigated by other measures, AOCorp will disclose the nature and the source of remaining conflict of interest to the relevant client in form of a written communication on a durable medium.