



CONFLICT OF INTEREST POLICY

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VERSION PAGE

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1.0	05/03/2015	Adapted to ACTIAM house style and Conflict of Interest Register
2.0	08/12/2016	Annual review
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APPROVAL

Version	Date	Adopted by
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1.1. INTRODUCTION

ACTIAM applies a consistent conflict of interest policy in order to safeguard the interests of its clients in a balanced manner. For that, procedures are implemented to identify and manage to prevent a conflict of interest situation. Also, taking into consideration applicable laws and regulations, financial institutions are obliged to implement adequate procedures and measures for the prevention and management of (potential) conflicts of interest. ACTIAM N.V. ('ACTIAM') is an authorised Alternative Investment Fund Manager regulated by the Netherlands Authority for Financial Markets as referred to in Article 2:65 of the Financial Supervision Act (*Wet op het financieel toezicht - Wft*). In addition, ACTIAM is authorised to provide asset management services and investment advice as well as to receive and transmit orders on behalf of its clients as referred to in Article 2:67a (2a, b and d) (*Wft*). The execution of these activities can result in conflicts of interest situations.

1.2. PURPOSE

This Conflict of Interest Policy defines how ACTIAM identifies, prevents, manages and monitors conflicts of interest in order to safeguard the interests of investors in funds that ACTIAM manages and the interests of clients who otherwise make use of ACTIAM's services. The Conflict of Interest Policy complies with the relevant requirements¹ of the Alternative Investment Fund Manager Directive ('AIFMD'), the Undertakings for the Collective Investment in Transferable Securities (UCITS), the relevant requirements² of the revised Markets in Financial Instruments Directive 2014/65/EU dated May 15 2014 ("MiFID II"), the MiFID II Commission Delegated Regulation 2016/2398 dated 25 April 2016 (the "Delegated Regulation"), and the Capital Requirements Directive IV ('CRD IV') as well as with the VIVAT Conflict of Interest Policy ('Belangenconflicten VIVAT NV').

1.3. SCOPE

This policy document is applicable to all activities that are carried out by ACTIAM and thus extends to both the asset management activities and the fund management activities.

¹ See Article 80 *Conflicts of interest* in the AIFMD Delegated Regulation No. 231/2013 of 19 December 2012. See Appendix 2 for the contents of this article.

² See Article 16(3), Article 16(6), Article 23 of MiFID II and Articles 33-35 of the Delegated Regulation, as implemented in the Financial Supervision Act (*Wft*) and the Decree on conduct of business supervision (*Besluit Gedragstoezicht financiële ondernemingen Wft*).

1.4. POLICY PROCESS

The Conflict of Interest Policy is set out in this policy document. The principles underlying this policy document (and any future updates) are the following:

- The Policy must be in accordance with prevailing laws and regulations and, more specifically, the relevant requirements of the AIFMD, MiFID II and CRD IV.
- The Policy must be consistent with the policy for managing conflicts of interest within VIVAT as set out in the relevant policy document ('Belangenconflicten VIVAT Verzekeringen'), which is available at VIVAT.
- The policy document is maintained by the Chief Transformation Officer of ACTIAM in cooperation with the Compliance Officer assigned to ACTIAM, who is a member of the Compliance Department within VIVAT. Close consultation takes place with the Board of Directors of ACTIAM and other relevant departments of ACTIAM for this purpose.
- Given the specific AIFMD and CRD IV requirements for conflict of interest policies, the policy document must in all events be prepared in consultation with Product Management & Product Development, Legal Affairs and Compliance.
- In line with prevailing laws and regulations, a distinction is made between the (i) identification, (ii) prevention, (iii) management and (iv) monitoring of conflicts of interest.
- The policy document must be evaluated at least once a year, or more often if necessary. The document is also ratified each year, including any amendments. Ratification takes place by the Board of Directors of ACTIAM, either with or without the involvement of the Risk Management Committee / Operational Risk Compliance Management Team Asset Management (RMC / ORC MT AM).
- ACTIAM maintains a register of conflicts of interest ('Conflicts of Interest Register') containing all identified (potential) material conflicts of interest and any mitigating measures implemented.



1. *Potential Conflicts of Interest at ACTIAM*

The diversity of ACTIAM's activities are susceptible to various types of potential conflict of interest. ACTIAM has the obligation to take all reasonable steps to continuously identify, address and mitigate these conflicts of interest. Such conflicts of interest can emerge in particular, though not exclusively, between, at the one hand, ACTIAM and, at the other, the funds that it manages, the investors in these funds and clients who use other services of ACTIAM. In addition, conflicts of interest can occur (i) between the funds that ACTIAM manages, (ii) between the funds that ACTIAM manages and other ACTIAM clients and (iii) between ACTIAM clients.

Based on the aforementioned situations, the following non-exhaustive list has been identified of circumstances which could give rise to conflicts of interest in relation to the activities of ACTIAM:

- ACTIAM is active, as part of VIVAT, on VIVAT's behalf in financial markets, while simultaneously undertaking activities for funds that it manages and/or clients in these same markets;
- ACTIAM is active in the same financial markets on behalf of one or more funds and/or clients;
- ACTIAM provides similar services to one or more funds and/or clients;
- ACTIAM offers funds and or advises on funds that are managed by ACTIAM;
- ACTIAM or an ACTIAM employee enjoys benefits that may influence the performance of activities at the expense of a fund or client of ACTIAM; or
- An ACTIAM employee performs outside activities that may conflict with the interests of ACTIAM and/or funds and/or clients of ACTIAM.

2. Organisation

This chapter describes how duties and responsibilities for the management of conflicts of interest are organised within ACTIAM.

Risk owner

The risk owner of the Conflict of Interest Policy is the Chief Transformation Officer of ACTIAM. The risk owner is responsible for ensuring the effective development, operation and management of the entire policy and related processes.

Conflict of Interest Policy Management

The Conflict of Interest Policy and Conflict of Interest Register are maintained by the Chief Transformation Officer of ACTIAM in cooperation with the Compliance Officer, acting in close consultation with the Board of Directors of ACTIAM and relevant ACTIAM departments.

Managers and employees in line organisation

The responsibility for the identification, prevention, management and monitoring of conflicts of interest is, in general, a first-line responsibility of all departments and employees within ACTIAM itself. In this connection, employees must familiarise themselves with the various types of policy that are in place for the management of conflicts of interest. In addition to the Conflict of Interest Policy itself, these include the order execution policy and the rules of conduct for outside activities and personal investment transactions. Employees are obliged to report any situations that give rise to a potential conflict of interest to their immediate manager and the Compliance Officer.

Audit Department

The Internal Audit department independently assesses the effectiveness of the Conflict of Interest Policy. Internal Audit periodically assesses the compliance with the policy and reports its findings to the Board of Directors of ACTIAM. At the request of the Board of Directors of ACTIAM, Internal Audit performs additional ad hoc assessments that are considered necessary due to internal or external events.

3. *Identification of Conflicts of Interest*

To identify conflicts of interest, ACTIAM shall at least establish whether any of the situations mentioned below is applicable. An example is given for each situation mentioned in this non-exhaustive list below.

A conflict of interest exists if ACTIAM, an ACTIAM employee or a person who provides any type of service to or on behalf of ACTIAM:

- Can obtain a financial gain or avoid a financial loss at the expense of a fund or client.
 - Example: In the allocation of investment funds, internally managed asset management mandates may be favoured over asset management mandates outsourced to third parties in order to benefit from the potentially higher profit margins for internally managed asset management mandates.
- Has a different interest in the outcome of a service, activity or transaction than the fund or client on whose behalf said service, activity or transaction is performed.
 - Example: Possible selective in use of certain counterparties for investment transactions in order to obtain more advantageous service terms from that counterparty, without this necessarily benefiting the client.
- Has a financial or other incentive to favour a fund and/or client at the expense of another fund and/or client.
 - Example: Favouring large clients over smaller clients because of the greater importance attached to larger clients.
- Performs the same activities for an investment fund or specific client's portfolio as for another client or group of clients.
 - Example: In the case of a below optimal allocation with new bond issues, different clients may not be treated equally.

A potential conflict of interest could exist if ACTIAM, an ACTIAM employee or a person who provides any type of service to or on behalf of ACTIAM, provides or is provided with an inducement in relation to an investment service provided to a client in the form of a non-monetary benefit or service that does not (fully) meet the requirements set out hereafter. ACTIAM is only permitted to provide or be provided with such non-monetary benefit or service where such benefit or service:

- is designed to enhance the quality of the relevant service to a client of ACTIAM; and
- does not impair compliance with ACTIAM's duty to act honestly, fairly and professionally in accordance with the best interests of its clients.

Examples of acceptable minor non-monetary benefits are:

- information or documentation relating to a financial instrument or an investment service, that is generic in nature or personalised to reflect the circumstances of an individual client;
- written material from a third party that is commissioned and paid for by an corporate issuer or potential issuer to promote a new issuance by the company, or where the third party firm is contractually engaged and paid by the issuer to produce such material on an ongoing basis, provided that the relationship is clearly disclosed in the material and that the material is made available at the same time to any investment firms wishing to receive it or to the general public;
- participation in conferences, seminars and other training events on the benefits and features of a specific financial instrument or an investment service;
- hospitality of a reasonable de minimis value, such as food and drink during a business meeting or a conference, seminar or other training events; and
- other minor non-monetary benefits which is capable of enhancing the quality of service provided to a client and, having regard to the total level of benefits provided by one entity or group of entities, are of a scale and nature that are



unlikely to impair compliance with ACTIAM's duty to act in the best interest of its clients.

4. *Measures for the prevention and management of conflicts of interest*

ACTIAM has appropriate and effective operational and administrative measures in place in order to take all reasonable steps for the prevention and management of actual or potential conflicts of interest. Various policy measures are taken within ACTIAM to manage the risk of (potential) conflicts of interest. Many of these form an integral part of broader policy frameworks. The applicable policy measures are explained below, categorised according to the following policy themes:

- 1) Information
- 2) Organisational Segregation of Activities
- 3) Product Assessment
- 4) Outsourcing
- 5) Outside Activities
- 6) Order Execution

Re 1. Information

Regarding the supply of information for the management of conflicts of interest, a distinction is made between internal and external information.

Internal Information

Internal information concerns the supply of information within ACTIAM and VIVAT. To ensure the organisation is informed of potential conflicts of interest at all times, employees are obliged to report every situation that may give rise to a conflict of interest to their immediate manager and the Compliance Officer. All potential material conflicts of interest identified at ACTIAM are recorded in the Conflict of Interest Register that is managed by the Risk Management department.

Various committees within ACTIAM receive reports on the activities performed within ACTIAM. This input can be used to identify conflicts of interest. The Counterparty Risk Committee, the Performance Review Committee, the Fund Management Committee, the Product Approval & Review Committee and the Valuation Committee, for instance, periodically assess client relevant information flows for, respectively, financial and operational risks, general product risks, credit risks, investment results and investment valuations. The assessment of these information flows can play an important part in preventing the impairment of the interests of funds, participants in the funds and/or other clients. The committees have a cross disciplinary composition to ensure a balanced assessment of the diverse information flows. This guarantees sufficient countervailing power.

External Information

External information concerns the supply of information to clients and external stakeholders such as regulators. One key part of the policy for the management and prevention of conflicts of interest consists of the provision of timely and transparent information to investors in funds or other clients of ACTIAM. These investors and clients must be provided with clear, correct and non-misleading information on potential conflicts of interest so that they can make well-considered decisions about actual or potential conflicts of interest.

Conflicts of interest for which no appropriate mitigating measures can be implemented and that may undermine the optimal promotion of the interests of investment funds that ACTIAM manages and their participants are disclosed in the prospectus of the fund involved.

Re 2. Organisational Segregation of Activities

In general, the segregation of activities within ACTIAM is organised in line with the applicable VIVAT Conflict of Interest Policy ('Belangenconflicten VIVAT Verzekeringen').

Within ACTIAM, a clear segregation of responsibilities, duties and powers is enforced between departments, with appropriate application of the '4-eyes-principle'. The aim is to enable employees to operate with sufficient independence, optimally safeguard the interests of clients, and prevent and manage conflicts of interest.

As an extension of the organisational segregation of ACTIAM's business activities, the independent positioning of the Risk Management department, the Compliance Officer and the use of various committees within ACTIAM further mitigate the risk of conflicts of interest. The Risk Management department reports to the Chief Risk Officer (CRO) of ACTIAM. Depending on items and forum, Risk Management can escalate to either the Board of ACTIAM or the VIVAT CRO. The Compliance Officer is a member of the VIVAT Compliance Risk staff and has been assigned to ACTIAM.

Re 3. Product Assessment

Within ACTIAM, adequate procedures have been implemented to evaluate the quality of products and services and to assess the risk of conflicts of interest impairing the interests of clients. The Product Approval & Review Committee (PARC) of ACTIAM makes decisions on new and existing products, with focus on the optimal safeguarding of the interests of clients. This includes the identification of possible conflicts of interest. The PARC has a balanced cross disciplinary composition, ensuring balanced decision-making with sufficient countervailing power. The Compliance Officer is also represented in the PARC.

Re 4. Outsourcing

The ACTIAM Outsourcing Policy prescribes that persons and/or third parties to whom activities are outsourced must be vetted for conflicting interests. Any actual or potential conflicts of interest in outsourcing relationships can be mitigated by including appropriate risk mitigating measures in the outsourcing contracts.

Delegation of activities from VIVAT to ACTIAM

Some activities are delegated partly and/or completely from VIVAT to ACTIAM, and the other way around. VIVAT's special position as a client and supplier of ACTIAM may give rise to conflicts of interest that could impair the best possible promotion of the interests of funds, their participants and/or other clients of ACTIAM.

In order to mitigate this risk of conflicting interests, the organisational structure contains robust safeguards to ensure the independent functioning of the Board of Directors of ACTIAM. In addition, the division of duties and responsibilities between VIVAT and ACTIAM is clearly defined. Two key committees in this connection are the Asset Liability Committee (ALCO) and the Investment Committee (IC), which are supported by the Balance Sheet Management (BSM) and Risk Departments of VIVAT.



Re 5. Outside Activities

The policy for outside activities is aligned with the VIVAT group policy for outside activities. In this respect, adequate checks are implemented to identify whether ACTIAM employees fulfil any other roles or have other external business interests that may give rise to conflicts of interest. Persons who provide any type of service to or on behalf of ACTIAM are also subject to these checks.

Pursuant to the Code of Conduct applicable within VIVAT, employees are obliged to inform ACTIAM of any outside business activities and/or interests. Board members of ACTIAM are also required to comply with the Code of Conduct. Under these rules, they are obliged to:

- Disclose outside positions and conduct themselves appropriately in this respect;
- Go through an approval procedure before engaging in any new outside activities;
- Report any matters that could lead to a conflict of interests; and
- Comply with stringent conditions while performing transactions.

All ACTIAM employees receive the Code of Conduct and must commit themselves in writing to comply with the Code. In addition to the rules on outside activities, rules of conduct are also prescribed for personal investment transactions which could give rise to conflicts of interest. Employees of ACTIAM and persons who perform any type of activities on behalf of ACTIAM are required to adhere to strict rules for personal investment transactions.

Re 6. Order Execution

Within ACTIAM an order execution policy is in place to prevent (potential) conflicts of interest in relation to the execution of securities orders and investment transactions for clients. This order execution policy guarantees that funds and clients of ACTIAM are equally treated.

5. *Monitoring Conflicts of Interest*

ACTIAM records all data relating to the types of activities that have created or could create material potential conflicts of interest in a Conflict of Interest Register. The Conflict of Interest Register is managed by the Chief Transformation Officer of ACTIAM in collaboration with the Compliance Officer, acting in close consultation with the Board of Directors of ACTIAM and relevant departments of ACTIAM. Wherever possible, mitigating actions are identified for every potential conflict of interest. The Risk Management department assesses, together with the relevant departments, how disclosed conflicts of interest should be entered in the Conflict of Interest Register. The Conflict of Interest Register is updated whenever new actual or potential conflicts of interest are identified and the Board of Directors is informed immediately in case a conflict of interest is not adequately mitigated.

The Conflict of Interest Register is evaluated by the Compliance Officer at least once a year. This evaluation is discussed and must be adopted in the Board of Directors of ACTIAM, in the RMC / ORC MT AM. This assessment will explicitly entail the adequacy of the Conflict of Interest process. Any instances of non-compliance with the policy are reported by the Compliance Officer to the Board of Directors of ACTIAM. Material conflicts of interest that could impair the best possible promotion and safeguarding of the interests of funds and their participants and for which no appropriate mitigating measures are put in place are disclosed in the relevant prospectus.

In addition to the above, ACTIAM also adheres to the applicable policy within VIVAT. In this respect, actual or potential conflicts of interest that are entered in the Conflict of Interest Register must, if necessary, also be reported to VIVAT. This takes place in consultation with the Compliance Officer.

6. *Disclosure of Conflicts of Interest*

ACTIAM will ensure all possible measures and arrangements in order to avoid or mitigate possible conflicts of interest. It is, however, possible, that even after such measures and arrangements, conflicts of interest will remain. In that case ACTIAM will disclose these conflicts on its website: www.actiam.nl, before any of the conflicting business will commence. (Potential) clients will be informed of the disclosure in order to take an informed decision.

In case of disclosure, ACTIAM will at least communicate:

- A specific description of the conflict
- The general source(s) of the conflict and the risk for the client
- Any mitigating actions taken to minimize the risk for the client as much as possible
- Specific disclosure of the residual risk

Disclosure as such is not considered an effective control measure, but only a last resort in case all considered measures and arrangements fail. In the annual review the disclosed conflicts will be reviewed in the assessment on the adequacy of the conflicts of interests process.

Annex 2 *Criteria for Managing Conflicts of Interest*

This is a reflection of Article 80 of the AIFMD Regulation.

When could a conflicts of interest appear?

The criteria to assess whether a delegation conflicts with the interests of the investment manager or the investor in the investment fund shall at least include:

- where the investment manager and the delegate are members of the same group or have any other contractual relationship, the extent to which the delegate controls the investment manager or has the ability to influence its actions;
- where the delegate and an investor in the relevant investment fund 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 likelihood that the delegate makes a financial gain, or avoids a financial loss, at the expense of the investment fund or the investors in the investment fund;
- the likelihood that the delegate has an interest in the outcome of a service or an activity provided to the investment manager or the investment fund;
- the likelihood that the delegate has a financial or other incentive to favor the interest of another client over the interests of the investment fund or the investors in the investment fund;
- the likelihood that the delegate receives or will receive from a person other than the investment manager an inducement in relation to the collective portfolio management activities provided to the investment manager and the investment funds it manages in the form of monies, goods or services other than the standard commission or fee for that service.

When may the portfolio or risk management function be considered to be functionally and hierarchically separated?

According to the AIFMD the portfolio or risk management function may be considered to be functionally and hierarchically separated from other potentially conflicting tasks only where the following conditions are satisfied:

- persons engaged in portfolio management tasks are not engaged in the performance of potentially conflicting tasks such as controlling tasks;
- persons engaged in risk management tasks are not engaged in the performance of potentially conflicting tasks such as operating tasks;
- persons engaged in risk management functions are not supervised by those responsible for the performance of operating tasks;
- the separation is ensured throughout the whole hierarchical structure of the delegate up to its governing body and is reviewed by the governing body and, where it exists, the supervisory function of the delegate.

When are potential conflicts of interest properly identified?

Potential conflicts of interest shall be deemed properly identified, managed, monitored and disclosed to the investors of the investment fund only if the investment manager ensures that:

- the delegate takes all reasonable steps to identify, manage and monitor potential conflicts of interest that may arise between itself and the investment manager, the investment fund or the investors in the investment fund. The investment manager shall ensure that the



delegate has procedures in place regarding the prevention and management of conflicts of interest;

- the delegate discloses potential conflicts of interest as well as the procedures and measures to be adopted by it in order to manage such conflicts of interest to the investment manager which shall disclose them to the investment fund and the investors in the investment fund.

The following is based on article 33 MiFID II Delegated Regulation.

For the purposes of identifying the types of conflict of interest that arise in the course of providing investment and ancillary services or a combination thereof, the firm shall take into account, by way of minimum criteria, whether the firm or a relevant person, or a person directly or indirectly linked by control, is in a conflict situation in any of the following situations, whether as a result of providing investment or ancillary services or investment activities or otherwise:

- The firm or that person is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- The firm or that person has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- The firm or that person has a financial or other incentive to favor the interest of another client or group of clients over the interests of the client;
- The firm or that person carries on the same business as the client;
- The firm or that person receives or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monetary or non-monetary benefits or services.