

Anti-Money Laundering and Combating the Financing of Terrorism Policy ("AML/CFT Policy")

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1 Policy statement and principles

Incofin IM wishes, to institute, maintain and comply with appropriate policies, procedures and controls that are in compliance with national laws and regulations and in furtherance of international best practices for anti-money laundering and combating the financing of terrorism. This policy also covers the screening of sanctions and embargoes.

Consistent with its business and investment profile, this shall apply for all its assets under management be it in the form of separate institutional funds advised and/or managed by Incofin IM (“Fund”) or in the form of managed accounts (“MA”) whereby only a dedicated part of the assets of the counterparty is contracted to Incofin IM (all together referred to as “AUM”).

Incofin IM has therefore adopted the following AML/CFT Policy to ensure that it complies and will continue to comply for all its AUM with the requirements of applicable AML/CFT laws and regulations.

Incofin IM is committed to using its best efforts to ensure its AUM are being used for the intended purposes as has been agreed upon by all of the Fund’s or MA governing bodies and that its operations are free from money laundering- and terrorist financing activities and ensure that any “Prohibited Activities” are not being carried out by any potential Customer.

This is achieved by performing adequate Customer Due Diligence performed on a risk-based approach.

If local regulations are more stringent than the requirements set out in this Policy, the stricter standard will be applied. If applicable laws conflict with this policy, the Compliance Department needs to be consulted for further guidance.

2 Objective and scope

Incofin IM is committed to maintain the high standards of AML/CFT and requires that the Senior Management, employees and Customers¹ adhere to these standards in order to prevent the use of its products and services for anti-money laundering & financing of terrorism (hereafter: “AML/CFT”) purposes.

Therefore, Incofin IM has developed its AML/CFT framework in which the minimum requirements in this policy are transposed into an operational Customer due diligence (hereafter: “CDD”) process.

Incofin IM acts in accordance with the following legal provisions and their implementation:

- AMLD4 and AMLD5, the 4th and 5th EU Anti-Money laundering directive;
- Law of 18 September 2017 on the prevention of money laundering and terrorist financing and on the restriction of the use of cash (Belgium), and;
- Money Laundering and Terrorist Financing (Prevention) Act (Wwft – the Netherlands), and;
- Law of 12 November 2004 on the fight against money laundering and terrorist financing (Luxembourg).

The recordkeeping and archiving AML/CFT obligations are met in compliance with:

- GDPR, the EU privacy regulation.

¹ Incofin IM uses a multidimensional approach: both investors as investees are referred to as Customers.

3 Governance

3.1 Senior management

Senior Management is responsible for compliance with the AML/CFT policy and translation thereof into effective operational (first line) procedures. The Senior Management ensures that training for the personnel involved is guaranteed and will promote a culture of awareness.

3.2 AML Responsible and AMLCO

Incofin IM has appointed the Founder & Managing Partner as the Senior Manager responsible for the supervision of the implementation of and compliance with the provisions of AML/CFT (hereafter: “AML Responsible”).

In addition, Incofin IM has designated the Chief Risk and Compliance Officer (hereafter “CR&CO”) as the person responsible of the effective application of the AML/CFT provisions in the company (hereafter “AMLCO”).

3.3 Compliance committee

3.3.1 Composition

The members of the Compliance Committee are the Managing Partner (AML Responsible), the Chief Risk and Compliance Officer (AMLCO & Chairwoman) and the Chief Legal Officer of Incofin IM. The Compliance Officer attends the Compliance Committee as permanent observer.

Incofin IM will notify the governing bodies of the Funds and MA if and when a member of the Compliance Committee leaves its position and will provide them with the name of the new members.

3.3.2 Responsibilities

The responsibilities of the Compliance Committee with respect to the Policy shall include, but are not limited to:

1. Follow-up of the implementation and updating of, and ensuring compliance with the AML-CFT Policy and Customer Due Diligence as required;
2. The implementation and updating of, and ensuring compliance with the Policy as required;
3. Conducting sufficient training of relevant officers, consultants and employees of Incofin IM and its affiliates. Training of this Policy will be provided:
 - a) At least once every two years;
 - b) When changes to the policy are made;
 - c) To newly hired persons of IIM having to apply this policy in the frame of their function.
4. Reviewing, evaluating and investigating external reports of possible violations of AML laws (i.e. in cases of increased risk) by a Customer;
5. Taking decisions and providing senior management sign-off in cases of increased risk;
6. Review and follow up on all internal reporting done in accordance with this Policy;
7. Deciding on possible reporting to be done to government authorities in accordance with this Policy;
8. Reporting to the governing bodies of the Funds and MA in accordance with this Policy;
9. Ensuring maintenance of necessary and appropriate records in accordance with this Policy.

3.3.3 Delegation of sign-off

Senior management sign-off can be delegated hierarchically to regional directors, unless the case was referred to the Compliance Committee.

3.3.4 Meetings

The Compliance Committee holds meetings on an as need basis with a minimum on a quarterly basis. The Compliance Committee will prepare minutes of its meetings and keep a register detailing the issues that have been treated by it, the follow-up actions taken, and the results thereof.

3.4 Responsibilities of the compliance function

The compliance function fulfils its responsibilities in line with the compliance charter.

3.5 Customer ownership and allocation of AML-KYC responsibilities

The Customer owner is the first line employee who has a direct relationship with the Customer:

- The performance of the AML KYC due diligence and the accompanying collection of document of Investee Customers including forms, associated documents and a risk based assessment in line with the approved EWRA is done by the Investment Team.
- The performance of the AML KYC due diligence and the accompanying collection of document of Investor Customers including forms, associated documents and a risk based assessment in line with the approved EWRA is done by the Business Development Team in cooperation with the depository of the concerned funds.

4 Minimum AML-CFT Requirements

Following standards are the minimum standards that Incofin IM applies which are deepened out in the operational procedure with respect to the Client Due Diligence (“Know Your Customer”).

4.1 Risk Based Approach

Incofin IM adopts a risk based approach to prevent the use of its system for AML/CFT purposes which ensures the proportionality of its measures to the identified risks. Incofin IM has a thorough and up-to-date knowledge and understanding of the risks of money laundering and terrorist financing to which the entity is or might be exposed.

Incofin IM assesses at least yearly the characteristics of its clients, client’s structure, products, geographical areas concerned and used distribution channels. This assessment justifies the relevance of certain measures and procedures implemented as well as the way they are scored and classified.

The enterprise wide risk assessment is performed separately for each type of Customer (Investee and Investor) with a differentiated assigned risk rating and overall score.

This enterprise-wide risk assessment is documented and made available to the local competent authorities.

4.2 Sanctions and embargoes

Incofin IM adheres at least at the lists of the UN, EU and national lists of relevant jurisdictions.

Incofin IM will not do business with fully sanctioned countries and jurisdictions.

Furthermore, In order to comply with International, European and National sanctions, Incofin IM will screen against a.o. the following lists (non-exhaustive):

- Belgian list: Royal Decree of 28 December 2006 on restrictive specific measures against certain persons and entities in the context of the fight against terrorist financing (updated versions are issued by Royal Decree);
- French list and its updated version;²
- Consolidated EU list and its updated version;³
- Council Common position on the application of specific measures to combat terrorism;⁴
- OFAC SDN List;⁵
- Consolidated UN list;⁶
- World Bank listing of Ineligible firms & individuals or updated versions.⁷

Incofin IM will not do business with excluded persons and entities.

In case the Customer, a Qualified Shareholder, a Director, Senior Manager, Authorized Signatory, Legal Representative, UBO or fictitious UBO appears on an international, EU or national sanction list, this needs to be immediately reported to the Compliance Department and/or escalated to the Compliance Committee. Such matter shall be reviewed and discussed in the Compliance Committee and if not adequately remedied in time, Incofin IM will reject the establishment of this business relationship. In case of an existing Customer, the Compliance Committee will decide whether or not to continue the business relationship.

4.3 Client due diligence

Incofin IM has a multidimensional approach to the concept of Customers. Both investees as investors are considered to be Customers and thus subject to the AML/CFT provisions. At the investee's side, debt and equity investees are referred to as Customers. At the investor's side, the direct investors (institutional investors, retail investors, ...) are meant.

4.3.1 Key Principles

The process of KYC starts with the identification and verification of the Customer and results in an assessment of the risks associated with that Customer. All Customers will be assigned a risk rating to measure the extent to which they may pose a risk. The risk assessment determines the degree of due diligence required for each Customer (standard, enhanced or simplified).

² https://www.tresor.economie.gouv.fr/Ressources/11448_liste-unique-de-gels

³ https://eeas.europa.eu/topics/sanctions-policy/8442/consolidated-list-of-sanctions_en

⁴ <http://eur-lex.europa.eu/legal-content/NL/TXT/?uri=celex:32001E0931>

⁵ <https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/consolidated.aspx>

⁶ <https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidated-list>

⁷ http://web.worldbank.org/external/default/main?theSitePK=84266&contentMDK=64069844&menuPK=116730&pagePK=64148989&piPK=64148984&sort_on=SUPP_CTRY_NAME&sort_order=ascending&sort_data=text

The risk rating is a weighted average resulting out of the enterprise wide risk assessment (see point 4.1.).

The risk assessment determines the degree of due diligence required for each Customer.

In general the risk assessment process for every Customer is as follows:

1. Identification and verification of the Customer
2. Identification and verification of the Ultimate Beneficial Owners and establishment of the ownership and control structure until all UBO's (natural persons) are traced
3. Identification and verification of the Legal Representative (s) and/or the Authorized Representative(s) and establish a link between the Customer and Legal Representative (s) and/or the Authorized Representative(s)
4. Background screening (PEP, sanctions, adverse media, Offshore leaks)
5. Evaluation of Customer risk based on the risk weightings resulting from the EWRA which are integrated in the risk score at the Customer's level
6. Enhanced Due Diligence measures (if required based on the Customer risk)
7. Customer Acceptance Process - Sign-off
8. Ongoing monitoring of the business relationship and transactions to verify whether the Customer's profile and risk level are still accurate and in line with the agreement of Incofin IIM and its managed or advised funds

Background screening is conducted for the (1) Customer (investee and investor), (2) Qualified Shareholder(s), (3) Director(s), (4) Senior Management, (5) Legal Representative(s) (6) Authorized Signatory (ies), (7) Ultimate Beneficial Owners and (8) fictitious Beneficial owners.

4.3.2 Risk Rating Model

4.3.2.1 Customer risk levels and model

Customer due diligence is founded on a risk based approach which involves the evaluation of the overall AML/CFT risk of the Customer. As part of this risk process, each (prospective) Customer is assigned a risk level (low, medium, high and unacceptable).

4.3.2.2 Customer acceptance policy

4.3.2.2.1 Predefined unacceptable inherent risk

Incofin IM does not enter into a business relationship with Customers located in countries that are part of the:

- FATF high risk and non-cooperative jurisdictions;
- Fully sanctioned countries and jurisdictions.

4.3.2.2.2 Predefined high risk

- Political Exposed persons will be designated as a high risk. However, DFI's are also considered as PEP, but according to Incofin IM's policy, due to their characteristics, are considered to be treated as low risk.

- Customers having their legal address or operational addresses and/or transactions originating from or going to those countries in a high risk jurisdiction, will be designated a high risk and will require enhanced due diligence. High risk third countries are defined based on the EU list of countries showing a high AML/CFT risk for the EU financial system, countries to which EU/OFAC sanctions apply. Incofin IM uses the “KnowYourCountry” Matrix to determine the high risk jurisdictions.⁸

4.3.2.2.3 No predefined inherent risk

The factors taken into account for the Customer risk assessment and risk classification results from the scope of the enterprise wide risk assessment (see 4.1.) and relate them to the same risk categories and factors:

Risk category	Risk factors
Customer risk	purpose, scope and duration of the business relationship; identification; professional activities; ownership structure; economic activities; source of wealth;...
Geographical risk	Based on the KnowYourCountry matrix
Product , services and transactions	type of transactions; payments from unknown and unrelated parties; atypical transactions; unknown origin/destination; ...
Product risk	The transparent or non-transparent nature of the product. If more than one of product types applies to the Customer, than the type with the higher risk rating applies.
Channel risk	face to face; partly face to face or non face to face. In general, Incofin IM considers its overall channel risk low, considering that it maintains a face-to-face relationship with its Customers, via its investment managers (in case of investees), business development team (in case of investors), or board membership (in case of investees with relation to equity).
Structure risk	The transparent or non-transparent nature of the Customer. If more than one of entity types applies to the Customer, than the type with the higher risk rating is taken into account.

Customers that do not have a predefined inherent risk rating are evaluated based on the combination of country risk, structure risk, product risk and channel risk. The risk weighing is based on the outcomes resulting of the enterprise wide risk assessment.

4.3.2.2.4 Overriding high risk

If during the Customer identification/verification and/or background screening (material adverse information, sanctions, offshore leaks, sanctions,...) disturbing information is found, the Customer file will be referred to the Compliance committee.

If the Compliance Committee approves (the continuation of) the business relationship with the Customer due to appropriate and timely remediation, the Customer will remain high and subject to enhanced due diligence.

The Committee can also decide that the Customer poses an unacceptable risk.

⁸ Source: <https://www.knowyourcountry.com/>

4.3.3 Due Diligence

4.3.3.1 Normal due diligence

The Normal Due Diligence requires to obtain the identification and verification documents to perform an adequate AML/CFT due diligence.

4.3.3.1.1 Enhanced due diligence as defined by legislation:

A number of situations are *by default* considered as high risk (non-exhaustive list):

- Business relationships with PEPs that are not DFI's
- Business relationships in high risk countries as determined by the EU
- Transactions in high risk countries
- Transactions in countries with low or no income tax
- Customers that have been signed-off by the Compliance Committee due to triggers (see point 3.3.2)

EDD measures for Customers in high risk level:

- Obtaining hierarchical approval to accept/continue the relationship with a high risk Customer
- Due diligence review on a more frequent basis as described in 4.3.4

EDD measures for PEPs (natural persons):

- Taking adequate measures to verify overall source of wealth (via list of professions/mandates)
- Obtaining hierarchical approval to accept a Customer with a PEP (natural person) in its structures
- Due diligence review on a more frequent basis as described in 4.3.4

EDD measures for Customers in countries with low or no income tax:

- Taking adequate measures to verify overall source of wealth (via list of professions/mandates)
- Obtaining hierarchical approval to accept/continue the relationship with a Customer located in a tax heaven
- Due diligence review on a more frequent basis as described in 4.3.4

4.3.3.2 Simplified due diligence

Simplified due diligence can be applied when factors indicating lower risk are present, such as:

- Belgian and European public authorities and institutions;
- Other qualified shareholders in countries that are deemed low risk (country matrix):
 - Regulated financial institutions
 - Stock-exchange entity listed on a regulated market
 - Regulated investment funds
- Due to their nature, the following institutions are also suitable:
 - Internationally known Development Financial Institutions (non-limitative list):
 - <https://www.edfi.eu/members/meet-our-members/>
 - <http://www.oecd.org/dac/stats/development-finance-institutions-private-sector-development.htm>
- Internationally known multilateral organizations referred to in following list:
 - <http://www.brettonwoods.org/page/about-the-bretton-woods-institutions>
 - https://en.wikipedia.org/wiki/International_financial_institutions

4.3.4 Customer Monitoring

Incofin IM performs risk-based, periodic and event driven reviews to ensure that the Customer-related AML/CFT documents, data or information are kept up-to-date.

Based on the risk, periodic reviews should be conducted every 36 months for low risk Customers, every 24 months for medium risk Customers and every 12 months for high risk Customers.

4.4 Transaction monitoring

Incofin IM pays special attention to all complex, unusual large transactions in relation with the Fund's activities.

Incofin IM considers its transactional risk as low, since all transactions and cash flows of Incofin IM are predetermined and recorded in contracts. Money is transferred via predetermined bank accounts at the level of the depository banks.

If a transaction occurs outside the provisions specified in the contracts the matter is escalated to the Risk and Compliance Department. The background and purpose of such transactions should, as far as possible, be examined by the Chief Risk and Compliance Officer, the findings established in writing, and kept available for competent authorities and auditors.

At the investor's side, complex and unusual large transactions will be considered as such when a disbursement received by the Fund from an investor is unusually large or is transferred through a complex mechanism.

Nevertheless, if sums are unduly transferred to any of the Funds, they are refunded without delay via the same means.

All cashflows are continuously monitored by the Finance Department.

4.5 Other measures to minimize the risk of Money Laundering and Terrorist Financing

4.5.1 Disinvesting equity stakes in Portfolio companies held by the fund(s)

In case equity stakes in Portfolio Companies held by the fund(s) are sold, will ensure that the counterparty is not an excluded person. Incofin shall do so by performing background screening, which includes at a minimum sanctions and adverse media screening.

4.5.2 Buyers related to trade finance transactions

Buyers in the trade finance transactions set-up by the fund with small producer organizations, hired labor organizations or traders/processors as Portfolio Companies are expected to credit the proceeds of the sales contracts directly on the accounts of the respective fund.

Incofin IM shall verify the buyer's exact legal name and country of registration and perform background screening, which includes at a minimum sanctions and adverse media screening.

4.5.3 Service Providers

Incofin IM shall verify the Service Providers exact legal name and country of registration and perform background screenings, which includes at a minimum sanctions and adverse media screening.

4.5.4 Obligatory clauses in agreements with Customer - investees

The contractual agreements relating to investments in Portfolio Companies will include, amongst other things, the following confirmations by the Portfolio Company:

- a) The Investee has ownership and management structures that follow the principles of good corporate governance and has developed or is committed to develop and comply with anti-money laundering and anti-terrorism financing standards;
- b) The Investee will inform Incofin IM in case of a material change in its Board of Directors, its senior management, and UBO structure and commits to provide updated information (IDs, CVs,...) related to these changes;
- c) The Investee accepts to complete in writing on an annual basis the AML/KYC review form as applicable and updated from time to time and to report any AML/KYC changes as specified in the form while providing the supporting documents related to those changes;
- d) The provision of the investment will not give rise to Corrupt Practices;
- e) Neither the Portfolio Company, nor any of its affiliates, nor any person acting on its or their behalf, has committed or engaged in, with respect to its financial services license, any Sanctionable Practice or Illicit Activity;
- f) The Investee shall not enter into business relationship with any person, group or entity listed on one of the Financial Sanctions Lists;
- g) The Investee does not fund its interests through funds of Illicit Origin.

5 Organization of Internal Control

5.1 Obligation to report suspicious activities

Every employee of Incofin IM, becoming aware of suspicious activity, will promptly report suspicious transactions in writing to the Compliance Department and/or Compliance Committee after becoming aware of the matter. All facts relating to the Customer, of which Incofin IM knows, that are related money laundering or terrorist financing, shall be notified to the concerned national Financial Intelligence Unit without delay.

If a true positive hit is generated for a Customer (or its related parties) relating to financial sanctions and embargoes, this will be reported immediately to the concerned national Treasury.

5.2 Record keeping

Incofin IM shall, in line with article 60 of the Belgian AML-CFT law, retain records of all identification details, all financial transactions and all written reports concerning suspicious activities, in electronic form for the duration of the business relationship and for a period of 10 years after the end of the business relationship or after the date of an occasional transaction. No destruction or deletion of the records shall take place during this period.

Incofin IM shall hence retain during this period the identification records of all Customers, including the KYC/AML report with supporting documentation in compliance with the GDPR regulation.

The quality of all copies of verification documents should be as such that the relevant information can be clearly verified. Incofin IM does not establish a business relationship with Customers of which the necessary identification documents could not be obtained.

5.3 Pre-employment screening and employee training

5.3.1 Pre-employment screening

The Human Resources Department has put in place an appropriate process to ensure that before onboarding all employees are screened.

5.3.2 Training and awareness

Incofin IM will periodically provide awareness trainings regarding AML/CFT so that all personnel obtain an understanding of AML/CFT risk and suspicious activities.

Every new personnel member will receive an onboarding training regarding AML/CFT.

The content of the trainings will be worked out in accordance with the business of Incofin IM.

5.4 Whistleblowing

Incofin IM has established a whistleblowing channel which gives the employee(s) the opportunity to disclose, anonymously or not, an AML/CFT issue outside of the usual reporting lines with guaranteed rights for the whistleblower.

The Risk and Compliance Department of IIM will serve as a first point of contact via the following contact details: whistleblowing.compliance@incofin.com.

If the Chief Risk and Compliance Officer or the Compliance Officer is/are directly involved, the Legal Department will serve as the point of contact that can be reached via the following contact details: whistleblowing.legal@incofin.com.

5.5 Compliance Monitoring

The Compliance Department will perform recurrent quality controls to check the effectiveness of the procedures and processes from the AML/CFT framework.

The quality of the information collected and used is monitored, analysed and, based on the control results, an action plan for adjustment is drawn up and communicated to the business.

5.6 Reporting

At least yearly, the AMLCO reports to the Management Committee the following:

- Yearly Activity report on preventing use of the financial system for purposes of money laundering and terrorism financing;
- Updated Enterprise Wide Risk Assessment and the main findings;
- AML/CFT policy and procedures; and,
- Test results of the quality controls.

6 Annexes

6.1.1 Definitions

Expression	Meaning
AML	Anti-Money Laundering
AUM	Assets Under Management of Incofin IM in the form of separately registered investment Funds or Managed Accounts whereby Incofin IM provides contractual portfolio advice for a dedicated part of the assets of the counterparty
Authorized Signatory	The person(s) authorized to sign on behalf of the Portfolio Company or Investor (Customer) as delegated by the Board of Directors.
Belgian AML-CFT law	Law on the prevention of money laundering and terrorist financing and on the restriction of the use of cash published on 18 September 2017
BOD	Board of Directors
BOM	Board of Managers ('College van Zaakvoerders') of Incofin IM, being the CEO (permanent representative of BVBA Loïc De Cannière) and the CIO (permanent representative of Incoteam CVBA)
Business relationship	<p>A professional or commercial relationship with a client which is expected to have an element of duration:</p> <ul style="list-style-type: none"> a) whether this business relationship results from the conclusion of a contract under which several successive operations are carried out between the parties during a specific or indefinite period, or which gives rise to permanent obligations or b) whether this relationship results from the fact that apart from the conclusion of a contract as referred to in a), a Customer regularly requests the intervention of the same obliged entity to carry out successive operation
CEO	Chief Executive Officer of Incofin Investment Management
CLO	Chief Legal Officer of Incofin Investment Management
CFT	Combating the Financing of Terrorism
Corrupt Practice	<p>The offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party. Corruption means the following:</p> <ul style="list-style-type: none"> a) The promise, offering or giving, to a Public Official, directly or indirectly, of an undue advantage of any nature, for the Public Official himself or herself or another person or entity, in order that the Public Official acts or refrains from acting in the exercise of his or her official duties b) The solicitation or acceptance by a Public Official, directly or indirectly, of an undue advantages of any nature, for the Public Official himself or herself or another person or entity, in order that the Public Official acts or refrains from acting in the exercise of his or her official duties
CR&CO	Chief Risk and Compliance Officer of Incofin Investment Management
Customer	<p>Incofin IM has a multidimensional approach to the concept of Customers. Both investees as investors are considered to be Customers:</p> <ul style="list-style-type: none"> a) At investee's side: debt and equity investees b) At investor's side: the direct investors (institutional investors, retail investors, ...)

Expression	Meaning
Criminal activity	<p>Activities, as listed in article 4, 23° of the Belgian AML-CFT law, related to:</p> <ul style="list-style-type: none"> a) terrorism or terrorist financing b) organized crime c) illicit drug trafficking d) illicit trafficking in goods and merchandise, and weapons, including anti-personnel mines and/or submunitions e) smuggling in human beings f) trafficking in human beings g) exploitation of prostitution h) illicit use in animals of hormonal substances or illegal trade in such substances i) illicit trafficking in human organs or tissues j) fraud detrimental to the financial interests of the European Union k) serious fiscal fraud, whether organized or not l) social fraud m) embezzlement by public officials and corruption n) serious environmental crime o) counterfeiting currency or bank notes p) counterfeiting products q) piracy r) stock market-related offence s) an improper public offering of securities t) the provision of banking services, financial services, insurance services or funds transfer services, or currency trading, or any other regulated activity, without having the required license for these activities or meeting the conditions to carry out these activities u) fraud v) breach of trust w) misappropriation of corporate assets x) hostage-taking y) theft z) extortion aa) the state of bankruptcy bb) computer fraud
Eligible Person/ Entity	<p>A person or entity that:</p> <ul style="list-style-type: none"> (i) has not been convicted, indicted or subjected to any similar criminal sanction, by any court or governmental body of competent jurisdiction, for engaging in money laundering or financing of terrorism or any Objectionable Practice; and (ii) is not included in any list (as updated from time to time) of sanctioned persons promulgated by: <ul style="list-style-type: none"> a) Belgian list: Royal Decree of 28 December 2006 on specific restrictive specific measures against certain persons and entities in the context of the fight against terrorist financing b) French list c) Consolidated list of EU financial sanctions and Consolidated list of persons, groups and entities subject to EU financial sanctions d) Council common position on the application of specific measures to combat terrorism e) OFAC Specially Designated Nationals and Blocked Persons list f) Consolidated UN Security Council Sanctions list g) World Bank listing of Ineligible firms & individuals

Expression	Meaning
Enterprise Wide Risk Assessment or 'EWRA'	Regulatory requirement in which Incofin IM needs to have a thorough and up-to-date knowledge of the risks of AML/CFT to which Incofin IM might be exposed by: <ul style="list-style-type: none"> a) Determining the AML/CFT risk class and risk factors b) Performing a gap analysis c) Assessing the risk mitigation, development of an action plan and corrective measures, which encompasses: <ul style="list-style-type: none"> a. Description of existing mitigating measures b. Measurement of adequacy of mitigating measures c. Inadequate → proposition of new measures to manage or limit the risk. d) Clear distinction made between investee and investor Customers.
Excluded Person	Any person who is not an 'Eligible Person/Entity'
EU AML-CFT Directive	Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC.
Fraudulent Practice	Any action or omission, including misrepresentation that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial benefit or to avoid an obligation.
Fraud against the Financial Interest of the European Communities	The manifest intention to cause prejudice to the Community budget as defined in Article 1 of the European Convention of 26 July 1995 and consisting in: <ul style="list-style-type: none"> a) The use of false documents b) The non-disclosure of information c) The misapplication of funds or of a legally obtained benefit
Fund	Any institutional or retail fund managed or advised by Incofin IM
High-risk third country	A third country which has been identified by the European Commission, in accordance with Article 9 of Directive 2015/849, as having strategic deficiencies in its national AML/CFT regimes that pose significant threats to the financial system of the European Union, or which has been identified by the Financial Action Task Force, the Ministerial Committee tasked with coordinating the fight against the laundering of money of illicit origin, the National Security Council or the obliged entities, as presenting a high geographic risk
Illicit Origin	Originating from criminal activity
Incofin IM or IIM	Incofin Investment Management Comm VA and any of its overseas offices and subsidiaries
Legal Representative	The person(s) authorized to represent and act on behalf of the Portfolio Company or Investor (Customer).
MA	Managed Accounts related to Incofin IM whereby Incofin IM provides contractual portfolio advice for a dedicated part of the assets of the counterparty
Money laundering	a) the conversion or transfer of money or other property, knowing that this is derived from criminal activity or from an act of participation in such activity, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person

Expression	Meaning
	<p>who is involved in the commission of such an activity to evade the legal consequences of his action</p> <ul style="list-style-type: none"> b) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property knowing that such property is derived from criminal activity or from an act of participation in such activity c) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of money or property, knowing that such property is derived from criminal activity or from an act of participation in such an activity d) the acquisition, possession or use of money or property, knowing, at the time of receipt, that these were derived from criminal activity or from an act of participation in such an activity e) participation in, association to commit, attempts to commit and aiding, abetting, facilitating and counselling the commission of any of the actions referred to under a), b) and c)
Objectionable practice	Any corrupt Practice, fraudulent practice, money laundering Activities, terrorist financing, sanctionable practice or obstructive practice.
Obstructive Practice	<ul style="list-style-type: none"> a) Deliberately destroying, falsifying, altering or concealing evidence material to the assessment or the making of false statements to those performing the assessment, in order to materially impede an assessment of allegations of a Corrupt Practice, Fraudulent Practice, Money Laundering Activities, or Terrorist Financing and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the assessment or from pursuing the assessment. b) Acts intended to materially impede the exercise of the Investor's access to information in connection with an assessment of allegations of a Corrupt Practice, Fraudulent Practice, Money Laundering Activities, or Terrorist Financing.
Organized Criminal Activities	Any group established with the aim of committing one or several criminal offences.
PEP	<p>Politically Exposed Persons are natural persons, their immediate family members or close associates, who are or have been entrusted with prominent public functions in the EU or at international or national (domestic PEP) level as defined in article 3(9) of the EU Directive 2015/849 and article 4, 28° of the Belgian AML-CFT law and Appendix 4 of the AML CFT Law.</p> <p>Prominent public functions include the following:</p> <p>1° Heads of State, Heads of Government, Ministers and Secretaries of State:</p> <ul style="list-style-type: none"> a) the King; b) the Prime Minister, the Minister-President, Deputy Prime Minister, Deputy Minister-President, Ministers and Secretaries of State; <p>2° Members of Parliament or members of similar legislative bodies:</p> <ul style="list-style-type: none"> a) Chairman of the House of Representatives Chairman of the Senate, Members of Parliament, Senators, co-opted Senators, Committee Chairmen and members; <p>3° members of the governing bodies of political parties:</p>

Expression	Meaning
	<p>a) Members of the party leadership, the political council, the party council, the Executive Committee and the party secretariat;</p> <p>4° Members of supreme courts, of constitutional courts or of other high-level judicial bodies, including administrative judicial bodies, whose decisions are not subject to further appeal, except in exceptional circumstances:</p> <p>a) Counsel at the Court of Cassation (including the first president, the president and the section presidents)</p> <p>b) Counsel at the Court of Appeals (including the first president and the section presidents)</p> <p>c) Counsel at the Labour Court (including the first president and the chamber chairmen);</p> <p>d) Deputy counsel to these three courts</p> <p>e) The first president, presidents, chamber presidents, state councils, assessors, and auditors at the Council of State;</p> <p>5° members of courts of auditors or of the boards of central banks:</p> <p>a) The Governor and the members of the Management Committee and of the Council of Regency of the National Bank of Belgium;</p> <p>b) The first president, the presidents and the councillors at the Court of Audit;</p> <p>6° ambassadors, consuls, delegates d'affaires and high-ranking officers in the armed forces</p> <p>a) The ambassadors, the consuls and chargé d'affaires;</p> <p>b) Officers with the rank of general or admiral designated by the King for a specific function;</p> <p>c) Officers holding the rank of lieutenant general or vice-admiral designated for their office by the King or the Minister of Defence, as the case may be;</p> <p>d) Officers holding the rank of Major General or Divisional Admiral appointed for their position by the King or the Minister of Defence, as the case may be;</p> <p>e) Officers holding the rank of Brigadier-General or Flotilla Admiral designated for a specific post by the King;</p> <p>7° members of the management, supervisory or administrative bodies of State-owned enterprises</p> <p>a) The Chief Executive Officer, the Managing Director, the Chairman, Directors and Members of the Board of Directors, the Chairman and members of the Executive Committee, the government commissioners;</p> <p>b) Directors, deputy directors and members of the Board of Directors or holders of an equivalent position with an international organization established in Belgian territory.</p> <p>Immediate family members of PEPs include the following:</p> <p>a) the spouse</p> <p>b) any partner considered by national law as equivalent to the spouse</p> <p>c) the children and their spouses or persons considered to be equivalent to a spouse</p> <p>d) the parents</p> <p>Persons known to be close associates of PEPs shall include the following:</p>

Expression	Meaning
	<ul style="list-style-type: none"> a) any natural person who is known to have joint beneficial ownership of legal entities or legal arrangements, or any other close business relations with the PEP in question b) any natural person who has sole beneficial ownership of a legal entity or legal arrangement which is known to have been set up de facto for the benefit of the PEP in question.
Portfolio Company	Any potential investee (also referred to as ‘investee’ of ‘Customer’) in line with the investment policies of the various AUM including amongst others microfinance institutions, financial intermediaries, small producer organizations, hired labor organizations or traders/processors,...
Prohibited Activities	Money laundering and Terrorism Financing both constitute the Prohibited Activities
Public Official	<ul style="list-style-type: none"> a) Any holder of legislative, executive, administrative or judicial office (in a State or a subdivision thereof), appointed or elected serving on a permanent basis or otherwise, paid or unpaid, regardless of rank; b) Any other person exercising a public function, including for a public agency or enterprise, or providing a public service; c) Any other person defined as a Public Official under the domestic law of the Fund’s country.
Qualified Shareholder	<p>A legal entity or natural person holding a direct or indirect interest in the Portfolio Company of:</p> <ul style="list-style-type: none"> a) at least 10% for a Portfolio Company receiving an equity of quasi-equity investment (including subordinated debt investment); and b) at least 25% for a Portfolio Company receiving a senior debt investment <p>A Company (entity shareholder) that is an intermediary Company between the Portfolio Company and a UBO</p>
Sanctionable Practice	Any business activity or transaction with any entity, individual or country which at or during the time of such business activity or transaction is included on the lists of sanctioned entities, individuals or countries published and updated from time to time by the Office of Foreign Assets Control of the US Department of Treasury (OFAC), the European Union, the United Nations, Belgium or France.
Senior management	An officer or employee with sufficient knowledge of the institution's money laundering and terrorist financing risk exposure and sufficient seniority to take decisions affecting its risk exposure, and need not, in all cases, be a member of the board of directors.
Shell bank	A credit institution or financial institution, or an institution engaged in equivalent activities, incorporated in a jurisdiction in which it has no physical presence, involving meaningful mind and management, and which is unaffiliated with a regulated financial group.
Terrorism Financing	The provision or collection of funds and other assets, by any means, directly or indirectly, with the intention that they be used or in the knowledge that they are to be used, in full or in part, by a terrorist organization or by a terrorist acting alone, even without any link to a specific terrorist act.

Expression	Meaning
<p>Ultimate Beneficial Owner (UBO)</p>	<p>The natural person(s) who ultimately own(s) or control(s) the Customer, the Customer's agent or the beneficiary of the life insurance contracts and/or the natural person(s) on whose behalf a transaction is carried out or a business relationship is established.</p> <p>Are considered to be persons who ultimately own or control the Customer:</p> <p>a) in the case of corporate entities:</p> <p>i) the natural person(s) who ultimately own(s) or control(s) a legal entity through direct or indirect ownership of a sufficient percentage of the shares or voting rights or ownership interest in that entity, including through bearer shareholdings</p> <p>A natural person holding more than twenty five percent (ten percent in case of an equity investment) of the voting rights or more than twenty five percent of the shares or ownership interest in the company shall be an indication of direct ownership within the meaning of the first subparagraph</p> <p>A corporate entity which is under the control of (a) natural person(s), or by multiple corporate entities, which are under the control of the same natural person(s), holding more than twenty five percent of the voting rights or more than twenty five percent of the shares or ownership interest in the company shall be an indication of indirect ownership within the meaning of the first subparagraph</p> <p>ii) the natural person(s) that exercise(s) control over this corporate entity via other means</p> <p>iii) if, after having exhausted all possible means and provided there are no grounds for suspicion, no person under point i) or ii) is identified, or if there is any doubt that the person(s) identified are the beneficial owner(s), the natural person(s) who hold the position of senior managing official(s) shall keep records of the actions taken in order to identify the beneficial ownership</p> <p>b) in the case of fiducies or trusts:</p> <p>i) the settlor;</p> <p>ii) the fiduciaire(s) or trustee(s);</p> <p>iii) the protector, if any;</p> <p>iv) the beneficiaries, or where the individuals benefiting from the fiducie or trust have yet to be determined, the class of persons in whose main interest the legal arrangement or entity is set up or operates;</p> <p>v) any other natural person exercising ultimate control over the fiducie or trust by means of direct or indirect ownership or by other means</p> <p>c) in the case of (international) non-profit organisations and foundations:</p> <p>i) members of the board of directors</p> <p>ii) the persons who are authorised to represent the association</p> <p>iii) the persons in charge of the daily management of daily management</p>

Expression	Meaning
	<ul style="list-style-type: none"> iv) founders of a foundation v) the natural persons or, when these persons are yet to be determined, the class of natural persons in whose main interest the (international) non-profit organisation or foundation is set up or operates vi) any other natural person exercising ultimate control over the trust by means of direct or indirect ownership or by other means <p>d) in the case of legal arrangements similar to fiducies or trusts, the natural person(s) holding equivalent or similar positions to those referred to in b)</p> <p>Are considered to be the natural person(s) for whom a transaction is being conducted or a business relationship is established or the natural person(s) who (will) benefit from this transaction or business relationship and who, in law or in fact, directly or indirectly, has/have the power to decide whether to carry out this transaction or to establish this business relationship and/or determine the terms or agree with these terms</p>
World-Check	<p>Refers to the Thomson Reuters Risk management Solution World-Check One solution available via https://risk.thomsonreuters.com/?ref=world-check.com ('World-Check'). This specific software program allows for real time up to date cross-check of persons and entities against the World-Check's database based on different criteria, ensuring speed and accuracy.</p>

6.1.2 Country risk matrix

For the AML CFT Country Risk Calculation, Incofin IM bases itself on the 'KnowYourCountry' rating tool which is updated at each significant event and in which the sanction lists and embargoes are integrated. This allows Incofin IM to have a dynamic and anticipated risk mitigation regarding AML/CFT country risk.

The Country Risk Matrix is ongoingly monitored by Compliance and will be updated at each significant event and at least quarterly.

The 'KnowYourCountry' rating tool can be consulted via the following link:
<https://www.knowyourcountry.com/country-ratings-table>