

CONFLICT OF INTEREST  
MANAGEMENT POLICY

***HEED CAPITAL SGOIC. S.A.***

February,2023

Index	
I. Preamble	4
II. Legal Framework	4
III. Scope of application	5
IV. Concepts	5
V. Procedures and measures to prevent, manage and mitigate conflicts of interest regarding the activities performed	7
5.1. Previous framework	7
5.2 Potential conflicts of interest	7
5.3 Guidelines	9
5.4 Procedures for the identification of potential conflicts of interest	10
5.4.1 Identification duty	10
5.4.2 Assessment duty	12
5.5 Procedures and measures for organising and managing conflicts of interest	13
5.5.1 Use of physical and electronic information barriers in order to control the information flow between certain business units	14
5.5.2. Segregation and autonomy in the performance of functions	14
5.5.3 Knowledge and skills appropriate for the exercise of the activity	15
5.5.4. Exclusivity and independence	15
5.5.5. Information and transparency duty	16
5.5.6 Reporting duty towards investors or clients	16
5.5.7. Duty to abstain	17
5.5.8. Internal reporting duty	18
5.5.9. Analysis duty	18
5.5.10. Duty to implement corrective measures	18
5.5.11. Duty to record and maintain digital archives	19
5.5.12. Exercise of voting rights	20
5.5.13. Prohibited operations	21
5.5.14. Illicit Benefits	23
5.5.15. Employees' personal transactions	28
5.5.16. Process for the assessment of reported transactions	29
5.5.17. Procedure to settle conflicts of interest - Head of Compliance and Risk Management	29
5.5.18. Allocation of investments between venture capital funds	29
5.5.19. Remuneration Policy	30
5.5.20. Internal training duty	31

5.5.21. Duty to update .....	31
VI. Duty to revise and update this Policy .....	31
ANNEX I - REPORTING FORM ON CONFLICTS OF INTEREST .....	32
ANNEX II - INTERNAL ANALYSIS FORM ON CONFLICTS OF INTEREST .....	33
ANNEX III - ASSESSMENT DUTY DIAGRAM.....	35

## **I. Preamble**

Heed Capital, due to the nature of its activity, is exposed to potential and actual conflicts of interest that may arise as it is authorised to carry out different activities.

Hence, because we, at Heed Capital, are subject, among other stipulations, to the provisions of the General Regulations on Collective Investment Schemes ("RGOIC"), we have adopted this Policy, which contains the procedures and mechanisms to identify, avoid, manage, monitor and disclose the occurrence of conflicts of interest.

## **II. Legal framework**

Heed Capital undertakes a number of activities where there is a risk that the interests of one or more Clients may be compromised, including:

- a) Management of Undertakings for the Collective Investment in Transferable Securities (UCITS);
- b) venture capital management, social entrepreneurship and specialised alternative investment funds;
- c) Securities investment consultancy;
- d) Management of portfolios on behalf of third parties.

Accordingly, by taking into consideration its nature as a collective investment undertaking ("SGOIC"), as well as the range of activities described above, the Company adopts this policy in order to fully comply with the provisions of the following regulations:

- i. General Regulations on Collective Investment Schemes ("RGOIC");
- ii. Portuguese Securities Code ("CódVM");
- iii. Legal Regime on Venture Capital, Social Entrepreneurship and Specialized Investment ("RJGRESIE"); and
- iv. Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012;
- v. Commission Delegated Regulation (EU) No 2017/565 of 25 April 2016.

### III. Scope of application

This Policy applies to all staff of Heed Capital, including members of the governing bodies and all other employees, as well as contractors, to the extent that they may intervene, directly or indirectly, in the activity pursued by the Company.

### IV. Concepts

For the purpose of this Policy, the following definitions shall apply:

- a) **"Control or domain"** means the relationship between any individual or legal entity and a company:
- (i) When, in relation to the individual or legal entity, any of the following situations occurs:
1. Holding the majority of the voting rights corresponding to the company's share capital;
  2. Being a shareholder of the company and having the right to appoint or dismiss more than half of the members of the board of directors or of the Supervisory Board;
  3. Being able to exercise a dominant influence over the company, by virtue of a contract or a clause of its articles of association;
  4. Being a shareholder of the company and controlling on its own, by virtue of an agreement entered into with other shareholders of the company, the majority of the voting rights;
  5. Being able to exercise, or actually exercising, dominant influence or control over the company;
  6. In the case of a legal entity, manage the company as if they were a single entity.
- (ii) For the application of sections 1.), 2.) and 4.) of the previous sub-paragraph:
1. Voting rights, appointing or dismissing a member shall be deemed equivalent to the rights of any other controlled company or in a group relationship therewith, as well as those of any person acting in their own name but on behalf of a unit holder or of any other of those companies;
  2. Rights in respect of shares held on behalf of a person other than the unit holder or another of those companies, or in respect of shares held as collateral shall be deducted, as long as, in the latter case, such rights are exercised in accordance with the instructions received, or the holding of the shares is a normal lending transaction for the unit holder and the

voting rights are exercised in the interests of the provider of the collateral guarantee.

- (iii) For the purpose of sections (1) and (4) of sub-paragraph (i), the total voting rights attached to the share capital of the company in which a holding subsists shall be deducted from the voting rights attached to the holding held by that company, by a subsidiary or by a person acting in its own name but on behalf of any of those companies;
- b) **"Parent undertaking"** means an undertaking which exercises control over another undertaking;
- c) **"Investment fund"** means the autonomous assets, without legal personality, belonging to the members in the general collective scheme regulated by the RJGRESIE;
- d) **"Qualifying holding"** means a direct or indirect holding representing at least 10% of the share capital or of the voting rights of the entity in which a holding subsists or which makes it possible to exercise a significant influence over the management of the said entity, the criteria for calculation and allocation set out in Articles 16, 20 and 20-A of the Portuguese Securities Code, approved by Decree-Law 486/99 of 13 November 1999, as amended, being applicable;
- e) **"Group relationship"** means the relationship between companies that are related in accordance with the Portuguese Commercial Companies Code, irrespective of whether their registered offices are located in Portugal or overseas;
- f) **"Close relationship"** or **"Relationship of proximity"** means a relationship between two or more individuals or legal entities who are connected by:
- (i) a direct or indirect holding of not less than 20% of the share capital or voting rights of an undertaking; or
  - (ii) a control relationship; or
  - (iii) A connection of all entities in a lasting way to the same third party through a control relationship.
- g) **"Senior management"** means individuals who perform executive functions or who effectively manage the business of the entity responsible for the undertaking;
- h) **"Relevant person"**:
- (i) Members of the board of directors and persons who effectively manage the business of the entity responsible for undertaking;

- (ii) Members of staff of the entity in charge of the undertaking and any other individuals whose services are provided and controlled by the entity in charge of the undertaking, who are involved in the management activity of collective investment undertakings;
- (iii) Individuals from subcontracted entities, who are directly involved in the provision of services to the entity responsible for undertaking, with a view to the management of collective investment undertakings.

## **V. Procedures and measures to prevent, manage and mitigate conflicts of interest regarding the activities performed**

### **5.1. Previous framework**

Heed Capital, like any financial services provider who engages in many different types of businesses and activities, is regularly exposed to potential conflicts of interest.

Thus, the Company has adopted this Conflict of Interest Management Policy, which aims to identify, prevent, manage and mitigate situations of conflict of interest that may arise regarding the activities developed, which it deems adequate and effective in view of the size and organisation of the management entity and the nature, scale and complexity of its activity.

In addition to complying with this Policy and applicable legislation in force, the Company will make its best efforts to manage potential conflicts of interest consistently and in accordance with the highest standards of integrity and credibility.

In order to ensure that the highest standards of due diligence are safeguarded, the Company continually and proactively seeks to identify and manage conflicts so as to avoid any inappropriate conduct, guiding all its activity in the exclusive interest of our Clients who make use of our services, regardless of their own interests or those of the members of our governing bodies, workers or employees and other companies with which it is in a controlling or group relationship.

### **5.2 Potential conflicts of interest**

While it is not feasible to define exactly or comprehensively all potential conflicts of interest that may arise in the activities undertaken by Heed Capital, there are several categories of conflicts, and they can be allocated into four distinct groups:

- a) Conflicts between Heed Capital and its Clients

- Conflicts between Heed Capital's economic interests and the interests of its Clients, in particular with regard to maximising the return on their assets, minimising risk, minimising costs and matching investments to their expertise, knowledge, financial situation, investment goals and risk profile, arising from Heed Capital's economic relationships with third parties;

Conflicts of interest resulting from possible non-segregation of the assets and/or operations of Clients in relation to the assets and/or operations of Heed Capital;

- Conflicts between Heed Capital's economic interest and the interest(s) of the Client(s) in relation to the price of the service provided by Heed Capital and the costs assigned to the Client(s);
- Conflicts of interest arising from Heed Capital's privileged information regarding its Clients' assets and operations;
- Conflicts between Heed Capital's commercial and economic interests and its duty of loyalty and duty to respect the experience, knowledge, financial situation, investment goals and risk profile of each Client, arising from the presentation of investment proposals and/or services to Clients or potential Clients and/or regarding services provided by Heed Capital to the Client.

#### b) Conflicts between Heed Capital's Clients

- Conflicts of interest resulting from differences in the amount of the capital invested;
- Conflicts of interest resulting from differentiation in experience, knowledge, financial situation, investment goals and risk profile of the Clients;
- Conflicts of interest arising from the possible segregation of orders transmitted by Heed Capital on behalf of several Clients.
- Conflicts between UCITS unit holders and another client of the management entity;
- Conflicts between unit holders of one UCITS and unit holders of another UCITS;
- Conflicts between unit holders of one AIF (Alternative investment fund) and participants of another AIF;



- Conflicts between unit holders of an AIF and another client of the management entity;
- Conflicts between unit holders of an AIF and unit holders of a UCITS managed by the management entity; or
- Two or more clients of the management entity.

c) Conflicts between Heed Capital and its employees, directors and Clients

- Conflicts of interest resulting from Employees and/or members of the governing bodies having privileged information of their Clients' assets and operations;
- Conflicts of interest arising from possible indexation of the remuneration or benefits earned by Employees and/or members of the governing bodies to Heed Capital's commercial activity.
- Conflicts of interest between Heed Capital, including its directors, employees or any persons directly or indirectly linked to the management entity by a control relationship, on the one hand, and the unit holders of each AIF or UCITS managed by it, on the other hand;

d) Conflicts between the different activities carried out by Heed Capital and different management funds

- Conflicts of interest between funds whose investment policy overlaps;
- Conflicts between investment consulting activities and management funds;
- Conflicts between investment consulting and portfolio management activities on behalf of third parties.

### 5.3 Guidelines

Heed Capital has implemented in its structure the control measures that it deems sufficient and appropriate in order to prevent, detect and correct all situations that may generate a conflict of interest, which are based on the following principles:

- Principle of good faith and fairness: Heed Capital conducts its business in good faith and fairness, acting with a high degree of competence, care and due diligence, seeking to avoid any conflicts of interest and, where such conflicts are unavoidable, ensuring the equitable treatment of all its clients;
- Principle of equal treatment of clients: Heed Capital protects the legitimate interests of each Client vis-à-vis others, ensuring all its Clients equal

treatment, and does not discriminate between them in any way other than as a result of their rights;

- Principle of prevalence of the clients' interests: Heed Capital, its Employees and members of its governing bodies give absolute priority to the interests of its Clients over their own interests, and privileges and protects the legitimate interests of all of its Clients over the interests of third parties.

In order to ensure strict compliance with these principles, Heed Capital defines and implements a number of procedures aimed at complying with the rules for the prevention, management and mitigation of conflicts of interest occurring in the course of its activity, which particularly aim to:

- a) The effective identification of circumstances and situations that may give rise to the existence of a conflict of interest that materialises into a material risk of damage to the interests of one or more investors;
- b) The establishment of measures and procedures aimed at preventing, mitigating and settling situations of conflicts of interest referred to, avoiding damage to the Investors' legitimate interests; and
- c) Register and process all situations that give rise or may give rise to conflicts of interest with the risk of affecting the interests of one or more investor;

In this regard, the Company adopts an organisational structure that allows it to identify, mitigate and reduce the risk of occurrence of situations that generate conflicts of interest in the exercise of its activities, also seeking, in cases where such conflicts cannot be avoided, to manage conflicts of interest in an equitable, transparent and non-discriminatory manner.

## **5.4 Procedures for the identification of potential conflicts of interest**

### **5.4.1 Identification duty**

According to the various situations described above, the Company takes into consideration, in order to identify the types of conflicts of interest that may arise from its activity and that may damage the interests of its Investors, whether in the context of its activity, the management company, a relevant person or a person directly or indirectly related to the management entity through a control relationship:

- a) Can make a financial gain or avoid a financial loss to the detriment of the UCITS, AIF or Client;

- b) Has an interest in the outcome of an activity or services provided to the UCITS, AIF or to a Client or in the outcome of a transaction carried out on behalf of the UCITS or AIF or on behalf of the Client, which does not coincide with the interest of the UCITS, AIF or Client in such regard;
- c) Has a financial or other incentive to favour the interests of another Client or group of Clients over the interests of the unit holders of the UCITS, AIF or Client;
- d) Performs the same activities for UCITS as for clients other than UCITS;
- e) Performs the same activities for the AIF as for another AIF, UCITS or Client;
- f) Performs the same activities as the Client;
- g) Receives or will receive from a person other than the UCITS, AIF, its investors or Client a benefit relating to its management activity in the form of cash, goods or services, other than the remuneration normally charged for carrying out that activity, or service provided to the Client in the form of pecuniary or non-pecuniary benefits or services.

Whilst identifying these situations, the Management Company considers:

- a) its own interests, including those stemming from its membership of a group or from the provision of services and activities, its clients' interests and its duties towards each UCITS it manages;
- b) The interests of two or more CIUs managed by it;
- c) its own interests, including those of its directors, employees or any persons who are directly or indirectly related to the Management Company by a control relationship and, on the other hand, the unit holders of each AIF under management and other Clients;
- d) Unit holders in one CIUs and unit holders in another CIU;
- e) Unit holders of a CIU and other clients of the Management Company.
- f) Two clients of the Management Company.

In order to comply with the duty of identifying situations of conflicts of interest, any of the persons mentioned in section III above must inform the Head of Compliance and Risk Management, by completing the specific form contained in Annex I, within a maximum period of five days from the date they became aware of the situation potentially leading to a conflict of interest.

#### **5.4.2 Assessment duty**

As mentioned in the previous paragraph, any member of staff, as soon as they become aware of a situation that may lead to or result in a conflict of interest with potential damages to the Management Company's Investors, must complete Annex I and send it by email to the Head of Compliance and Risk Management.

The Head of Compliance and Risk Management, upon receiving the communication, must proceed to a critical assessment thereof, in order to find out whether or not a conflict exists.

If the Head of Compliance and Risk Management finds out that there is no conflict of interest, he/she must justify his/her analysis in writing and file the respective process.

If the Head of Compliance and Risk Management concludes that a situation of conflicts of interest exists, he/she must prepare an analysis, in accordance with the form contained in Annex II, with the following information:

- i. The identification of all persons involved;
- ii. A description of the causes and/or circumstances that led to the conflict in question;
- iii. The grounds and respective legal framework of the situation described as triggering a conflict of interest;
- iv. Its assessment of the foreseeable and/or expected consequences, as well as an evaluation of the level of risk and possible impact of the situation described on the Company's activity and on its Investors;
- v. A proposal for the mitigation and/or resolution of the situation reported, expressly indicating if this situation should lead to a review of this policy and/or a communication to investors, in which case a drafting proposal should be submitted.

This assessment is then immediately forwarded to the Board of Directors for its consideration and the proposed resolution measures are discussed.

The Board of Directors may approve the proposal presented by the Head of Compliance and Risk Management or, if it deems necessary, present other proposals, which must be duly justified.

After the decision, the process will return to the Head of Compliance and Risk

Management, who shall:

- i. Communicate corrective measures to members of staff, if applicable;
- ii. Communicate to the Human Resources Manager the situation detected, as well as the respective measures to be applied to each of the Employees, with regard to disciplinary sanctions, if applicable;
- iii. Make the necessary communications to Investors, if applicable, which must be made prior to any transaction and contain, at least, the following information:
  - a framework on the situation at hand;
  - the specific description of conflicts of interest that have arisen in the provision of services;
  - an explanation of the general nature and origins of the conflict of interest;
  - a list of the potential and effective risks that may affect the Client;
  - the measures and procedures that have been adopted by the Company for the purposes of prevention, mitigation and resolution of the situation detected,
- iv. Conclude the process and proceed with its digital archiving;
- v. Make the necessary revisions and alterations to this Policy, should these prove necessary.

In addition to the procedures described above, the Head of Compliance and Risk Management keeps an updated record of all the activities that have given rise, or may give rise, to a conflict of interest with a relevant risk of damage to the interests of the unit holders of one or more CIUs or other clients. The report shall be sent at least once a year to the members of the Board of Directors.

#### **5.5. Procedures and measures for organising and managing conflicts of interest**

In order to ensure the organisation and management of conflicts of interest to which Heed Capital is subject, the Company directs its activity to give precedence to the interests of its clients, adopting the following internal measures and procedures:

#### 5.5.1 Use of physical and electronic information barriers in order to control the information flow between certain business units

The company maintains physical, electronic and operational information barriers in order to prevent or control the flow of confidential information between persons who are exposed to conflicts of interest within the scope of their activities, if such information flow may be harmful to the interests of one or more Clients.

This segregation allows the minimisation of information exchange and the prevention and/or limitation of the exercise of improper influence on how employees carry out their respective activities.

In order to guarantee its effectiveness, Heed Capital's Head of Compliance and Risk Management monitors and ensures the proper functioning of the aforementioned information barriers.

#### 5.5.2. Segregation and autonomy in the performance of functions

Heed Capital is bound by the principle of segregation of functions, promoting and ensuring from its Employees, independent and/or autonomous professional performance, as well as the functional and/or physical separation between business and support areas or between operational and control activities/tasks that are incompatible with each other or that may systematically generate conflicts of interest.

This measure is also intended to prevent and/or limit the exercise by any person of improper influence over the manner in which a relevant person carries on investment and/or ancillary services or activities, and to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment and/or ancillary services or activities, where such involvement may impair the proper management of conflicts of interest.

In this sense, the Company ensures:

- i. The existence of separate oversight of relevant persons whose main functions involve the performance of activities on behalf of the Client or the provision of services to the Client, where their interests may conflict or where that represents different interests, in particular those of the Consultants, which may conflict;
- ii. By means of procedures referred to in the previous paragraph (5.4.) the application, if necessary, of measures to prevent or limit the exercise by any person of improper influence over the manner in which a relevant person is

entrusted with investment and/or ancillary services or activities and may order their temporary withdrawal from a relevant operation or position;

- iii. By means of procedures referred to in the previous paragraph (5.4.) the application, if necessary, of measures that prevent or directly control the simultaneous or sequential involvement of a relevant person in separate investment and/or ancillary services or activities where such involvement may impair the proper management of conflicts of interest.

#### 5.5.3 Knowledge and skills appropriate for the exercise of the activity

In order to prevent and mitigate potential conflicts of interest, Heed Capital ensures that its employees have adequate knowledge and skills to fulfil their duties in the provision of various services. For the purpose of compliance with this duty, the Company adopts the following procedures:

- a) It recruits its employees by means of a thorough process in which it carries out a prior evaluation of their skills, as well as an assessment of their previous professional experience;
- b) It maintains a physical and digital archive of the documentation and information collected in the process described in the previous paragraph;
- c) It submits to the CMVM, when requested, the documents attesting to the knowledge and skills of the employees;
- d) It assesses, at least annually, the knowledge and skills of its employees, identifying their needs for improvement and experience and taking the necessary measures to meet those needs;
- e) It assesses compliance with the criteria for assessing the knowledge and skills of its employees by including this analysis in compliance reports.

#### 5.5.4. Exclusivity and independence

In order to promote independent action, Heed Capital's employees work exclusively for the Company, although they are allowed to carry out functions or activities outside the Company where there are no conflicts of interest and where the Company's independence, neutrality and reputation are preserved.

Employees who work, or intend to work, outside the Company must notify this situation in advance, which will be internally assessed from the point of view of possible conflicts of interest.

### 5.5.5 Information and transparency duty

The Management Company will provide all necessary information in relation to the services it offers or is asked to provide, in a clear, objective and transparent manner, so that Investors can make an informed decision and are aware of all risks and respective interests that Heed Capital's activity or persons acting on its behalf can generate regarding the services provided.

Whenever situations of conflict of interest arise, the Head of Compliance and Risk Management, by decision of the Board of Directors, is responsible for informing the Investors by e-mail:

- i. On the conflict of interest that was detected/reported;
- ii. On the internal analysis that was carried out, indicating its framework and legal basis;
- iii. The specific measures that have been adopted by Heed Capital to mitigate and/or resolve such conflict of interest;

This communication is addressed to unit holders of the Funds and does not affect the duty of disclosure in the incorporation documents of the Funds as to legal and regularly required information in this respect, which is made available in advance to all Potential Investors.

### 5.5.6 Reporting duty towards investors or clients

Where organisational or administrative arrangements made by the Management Company are not sufficient to ensure, with reasonable certainty, that risks to the detriment of the interests of the UCITS or the UCITS investors are prevented, the Head of Compliance and Risk Management shall be informed immediately in order to make any decision or action necessary to ensure that the interests of the UCITS or of the respective investors are safeguarded. Furthermore, Heed Capital shall communicate to unit holders, by any appropriate media, the decisions made and the reasons thereof.

Where an AIF is involved, or where the procedures and measures set out in this policy are not sufficient to prevent, mitigate or resolve conflicts of interest, Heed Capital undertakes to:

- (a) Clearly inform the AIF unit holders, before undertaking any transaction on their behalf, of the general nature or sources of such conflicts of interest; and



b) Review and create policies and procedures that are appropriate in the future to prevent similar situations.

In case of financial intermediation services, if any situation is found where organisational or administrative arrangements made to prevent conflicts of interest from adversely affecting the interests of its clients are not sufficient to ensure, with reasonable confidence, that risks of loss to the client's interests will be prevented, Heed Capital shall clearly disclose to the client, prior to entering into a transaction on its behalf, the general nature and/or sources of such conflicts of interest and the arrangements made to mitigate those risks.

While this remedy is a last resort measure, if any, such disclosure shall clearly indicate that the organisational and administrative arrangements established by Heed Capital to prevent or manage a conflict of interest are not sufficient to ensure, with reasonable confidence, that a risk of loss to the client's interests will be avoided. The disclosure should include a specific description of conflicts of interest that arise in the provision of investment and/or ancillary services, taking into account the nature of the client to whom the disclosure is made. The description shall explain the general nature and sources of conflicts of interest as well as the risks to the client that may arise because of the conflicts of interest and the steps taken to mitigate those risks. The description should also be in sufficient detail to allow the client to make an informed decision with respect to the investment service and/or ancillary service where conflicts of interest may arise.

#### 5.5.7 Duty to abstain

In order to ensure a performance free of any conflicts of interest, Employees and/or Relevant Persons shall abstain from assessing or intervening in any decision-making processes concerning the management of conflicts of interest, operations, contracts or other acts in which they, their spouses or partners, relatives or next of kin up to the 4<sup>th</sup> (fourth) degree are directly or indirectly involved, as well as companies or other collective entities in which they directly or indirectly have any shareholding or interest.

Moreover, Employees and/or Relevant Persons are prohibited from conducting transactions in which they act as originators or beneficiaries, and Employees other than the aforementioned must conduct such transactions, and this includes the spouses or partners, relatives or next of kin up to the 4<sup>th</sup> (fourth) degree of the Employees and/or Relevant Persons first mentioned.

Regarding the Funds under management, the Company shall comply with the duty to abstain from any transactions that result in a benefit or loss to one Fund at the expense of another.

#### 5.5.8 Internal reporting duty

Any employee of Heed Capital, under the terms of the provisions of section 5.4.1 above, undertakes to report any indications of a potential or actual conflict of interest, within a period never exceeding five (5) working days, via the communication in Annex I, to the Head of Compliance and Risk Management.

In order to fulfil this duty, the Company undertakes to provide each of its employees:

- a) an updated copy of this Policy and its annexes;
- b) the direct channels to be used for reporting purposes.

#### 5.5.9 Analysis duty

Heed Capital, through its Head of Compliance and Risk Management, receives all reports and conducts the respective internal analysis in accordance with the procedures set out in section 5.4.2 above.

#### 5.5.10. Duty to implement corrective measures

Corrective measures may be applied to remedy the situation detected stemming from the analysis.

Considering what is stated in section 5.4.2, the Board of Directors after analysing the reported situation, duly analysed by the Head of Compliance and Risk Management, may accept the measures proposed by them, or propose and promote the application of other measures.

Therefore, and whenever the severity of the situation requires so, the Board of Directors may decide to:

- i. Remove the person concerned from the transaction potentially generating the conflict of interest;
- ii. Temporarily suspend an Employee who has acted in a conflict of interest situation;
- iii. Relocate the Employee to another business area;
- iv. Initiate disciplinary proceedings, without prejudice to legal, criminal and administrative offence liability.

In cases where the measures described above are not necessary or are clearly excessive and/or disproportionate, because of the seriousness of the conflict of

interest or the nature or configuration of the operation in question, the Board of Directors shall, at least:

- i. Ensure a particularly careful review and audit of the transaction in question, ensuring that it does not, and has not, damaged the legitimate interests of its Investors;
- ii. Ensure that its policies and procedures are reviewed and/or strengthened in similar situations;
- iii. Ensure that the Employees involved do not access any information regarding the assessment process of the conflict of interest and/or any internal assessments related thereto.

If it is found that the person affected by the conflict of interest is a member of the Board of Directors or a Person directly related to them, that person will be prevented from voting in any deliberation regarding the assessment and decision of corrective measures to be applied.

Assessment of the provisions of the previous paragraph, as well as the follow-up of all measures and communications that may be necessary, because of a decision of the Board of Directors, shall be monitored and supervised by the Head of Compliance and Risk Management until the conclusion of the respective process.

#### 5.5.11. Duty to record and maintain digital archives

Heed Capital maintains a regularly updated record of all acquisitions and disposals of financial instruments, for consideration or free of charge, directly or through an intermediary, that have led to a conflict of interest with a relevant risk of affecting the Client's interests. In addition, in the case of ongoing activities, that may give rise to such a conflict, specifying, among other things:

- i. Date;
- ii. Price;
- iii. Quantity;
- iv. The operation number;
- v. The financial intermediary that carries out the order;
- vi. The trading venue where the order was carried out.

The Company shall send to the CMVM, by the end of January, a report detailing all the acquisitions and disposals of financial instruments carried out in the previous

year, whether in exchange for payment or free of charge, directly or through a third party, expressly mentioning the items contained in the sub-paragraphs of the preceding paragraph.

Additionally, Heed Capital has a digital archive where all reported situations are recorded, as well as the respective internal analysis, findings and measures applied.

The management of this file is the sole responsibility of the Head of Compliance and Risk Management and respective employees who are exclusively assigned to the Compliance and Internal Control dept. Thus, they shall:

- i. Keep files properly organised by case number and date of entry;
- ii. Keep the records up to date according to the development of each process;
- iii. Keep all documentation relating to each process;
- iv. Restrict access of any employees from other areas.

The digital archive of each process is kept for a minimum period of five (5) years.

#### 5.5.12. Exercise of voting rights

Considering that Heed Capital will have CIUs under management that integrate and/or may integrate securities in their portfolios that imply the exercise of voting rights, the Company shall, in the exercise of its functions as a management entity, represent the Funds and exercise the voting rights inherent to the shares held by them.

In order to prevent and mitigate any potential conflicts of interest that may arise in this context, Heed Capital undertakes to exercise its voting rights in accordance with principles of transparency, ethics and loyalty, respecting the segregation of activities imposed by current legislation and for the exclusive benefit of the CIU in question and its investors.

For all due purposes, the Company shall:

- a) Monitor relevant corporate events in the course of its duties;
- b) Ensure that the exercise of voting rights complies with the objectives and investment policy of the CIUs concerned;
- c) Identify, prevent and mitigate the existence of conflicts of interest arising from the exercise of voting rights, in accordance with the procedures laid down in this policy.

In cases where there is an effective conflict of interest, the Company shall:

- a) Exercise its voting right in a situation of potential conflict of interest, in accordance with the provisions of the sub-paragraphs above;
- b) Communicate, pursuant to section 5.4.2 above, to the unit holders of the Funds the content of the vote to be cast at least three (3) days in advance of the date of the general meeting in question;
- c) Abstain from voting, if the situation so warrants.

#### 5.5.13. Prohibited operations

##### Heed Capital as UCITS

Heed Capital, by its nature as a UCITS, is forbidden from:

- a) Taking out loans and granting credit, including the provision of guarantees, on its own account;
- b) Carrying out, on its own account, uncovered sales of financial instruments;
- c) Acquiring, on its own account, units from collective investment undertakings, except for those that fall within the type of money market collective investment undertaking, namely those provided for in Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017, and which are not managed by it;
- d) Acquiring, on its own account, other financial instruments of any nature, except for public debt securities issued by Eurozone countries and money market instruments provided for in Article 169 of the RGOIC;
- e) Acquiring real estate beyond what is necessary for the direct pursuit of its activity and up to the concurrence of its own funds.

##### Heed Capital as a CIU manager

In order to comply with the legislation in force, as well as implementing the provisions of this Policy, Heed Capital may also not carry out on behalf of the collective investment schemes it manages any operations that may generate conflicts of interest with the following entities:

- a) Sponsors of collective investment undertakings;
- b) Its own;
- c) A collective investment undertaking under miscellaneous management;

- d) Entities holding more than 10% of the share capital or voting rights of the same or a collective investment undertaking under miscellaneous management;
- e) Entities that are in a control or group relationship with the management company, or entities with which the latter is in a control or group relationship;
- f) Entities in which the management company or entity with which it is in a control or group relationship, holds more than 20% of the share capital or voting rights;
- g) The depositary or any entity that is in a relationship with it as referred to in paragraphs d) to f) above;
- h) Members of the governing bodies of any of the entities referred to in the preceding subparagraphs;
- i) The staff and other employees of any of the entities referred to in paragraphs a) to f);
- j) The different collective investment undertakings it manages or collective investment undertakings managed by entities referred to in the preceding subparagraphs.

In the specific case of the CIUs it manages, the Company is prohibited from:

- a) Carrying out operations not related to the pursuit of its purpose or the respective investment policy defined for the CIU;
- b) Making investments in securities listed for trading on a regulated market that exceed 50% of their assets;
- c) Acquiring rights to real estate assets, except that necessary for its own premises;
- d) Making investments exceeding 33% of the disposable value for investment, whether invested or not, in a company or group of companies, this limit being determined at the end of the two-year period following the date of the first investment made for the portfolio, based on the acquisition value;
- e) Investing, in the case of a venture capital fund, more than 33% of its assets in another venture capital fund or, in the case of a venture capital company, more than 33% of its assets in venture capital funds managed by other entities;
- f) Making investments, in whatever form, in companies that control the venture capital fund or venture capital fund management company or that have a group relationship with them prior to the venture capital investment;

g) Granting credit or giving guarantees, in any form whatsoever, for financing the subscription or acquisition of any securities issued by Heed Capital, by the CIU managed or by any of the companies referred to in the previous paragraph.

When not expressly provided for in the CIU management rules and regulations, by means of a resolution passed at a general meeting of unit holders by a majority of votes, transactions must be approved between the venture capital fund and the following entities:

a) The management entity;

b) Other funds managed by the management entity;

c) Companies that control the venture capital fund or the venture capital fund management company or have a group relationship with them prior to the venture capital investment;

d) Members of the governing bodies of the management entity and of the companies referred to in the previous sub-paragraph;

e) Those which are comprised of members of the governing bodies of the entities referred to in sections a) and c), when they are not included in the portfolio of the CIU.

However, Heed Capital may set out the respective management regulations of the CIU that the business envisaged in the provisions of paragraph 8 of Article 10 of RJCRESIE, may not be subject to the approval of the respective unit holders.

#### **5.5.14. Illicit benefits**

Heed Capital is further forbidden from, in the course of its activity, giving or receiving any remuneration, commission or non-pecuniary benefit, with the exception of the following:

a) Remuneration, commissions or non-pecuniary benefits given or received by a UCITS or a person on behalf of a UCITS;

b) Remuneration, commissions or non-pecuniary benefits given to third parties or persons acting on their behalf or received from third parties or persons acting on their behalf, as long as the following conditions are fulfilled:

i) The existence, nature and amount of the remuneration, commission or benefit or, where the amount cannot be ascertained, the method of calculation thereof, is

disclosed to the unit holders of the UCITS in a full, true and fair manner before the provision of the relevant service;

ii) The remuneration, commission or non-pecuniary benefit enhances the quality of the activity in question and does not prevent compliance with the duty of the management entity to act in the sole interest of the unit holders;

c) Proper remuneration which enables or is necessary for the provision of the activity in question, including custody fees, clearing and exchange commissions, regulatory fees and other costs imposed by law, and which, by their nature, are not likely to conflict with the duty of the management entity to act honestly, fairly and professionally and in the sole interest of the unit holders.

Heed Capital may, for the purposes of subparagraph (b)(i) of the preceding paragraph, disclose information on remuneration, commissions or non-pecuniary benefits in summarised terms, but will disclose such additional information as may be requested by unit holders.

In connection with the management of AIFs, Heed Capital is also prohibited from paying or receiving any fee or commission, or providing or obtaining any non-pecuniary benefit except the following:

a) a fee, commission or non-pecuniary benefit paid or provided to or by the AIF or to or by a person on its behalf;

b) A fee, commission or non-pecuniary benefit paid or granted to or by a third party or to or by a person on its behalf where the Management Company can demonstrate that the following conditions are met:

i) The existence, nature and amount of the fee, commission or benefit or, where that amount cannot be ascertained, the method of calculating it, have been clearly disclosed to investors in the AIF in a full, accurate and understandable manner prior to the provision of the relevant service,

ii) The payment of the fee and/or commission or the provision of a non-pecuniary benefit is designed to enhance the quality of the relevant service and is without prejudice to the Management Company's duty to act in the best interests of the AIF it manages or its investors.

c) Appropriate fees that allow or are necessary for the provision of the relevant service, including custody fees, clearing and exchange fees, regulatory fees or legal fees, and which by their nature do not give rise to conflicts with the Management



Company's obligations to act honestly, fairly and in the best interests of the AIF it manages or its investors.

Heed Capital may not, in connection with the provision of a financial intermediation activity to the client, offer to or receive from a third party any remuneration, commission or non-pecuniary benefit unless:

- a) The existence, nature and amount of the fee, commission or non-pecuniary benefit or, where the amount cannot be ascertained, the method of calculating it, is fully, accurately and clearly disclosed to the client. In accordance with the following paragraph and, where applicable, information is provided on the arrangements for passing on to the client the fee, commission or non-pecuniary benefit received; and
- b) The payment of the fee and/or commission or the provision of the non-pecuniary benefit enhances the quality of the activity provided to the client and does not impair compliance with the duty to act in the legitimate interests of the client;
- c) The payment of proper remuneration, such as custody fees, clearing and exchange fees, compulsory taxes or legal fees, which is possible or necessary for the provision of the financial intermediation activity. In such case, due to its nature, it is not likely to give rise to conflicts with the financial intermediary's duty to act honestly, fairly and professionally in order to protect the legitimate interests of the client.

According to the wording contained in paragraph a) above:

- Heed Capital shall, prior to the provision of the relevant activity, provide the client with information in respect of any payment or benefit received from or paid to third parties, and shall separately state the non-pecuniary benefits received or paid and their amount, in the context of the investment service provided to a client;
- Alternatively, where Heed Capital cannot determine in advance the amount of any payment or benefit receivable or payable, it shall disclose the method of calculating that amount and provide information about the exact amount of the payment or benefit subsequently received or paid;
- if it receives incentives on an ongoing basis in relation to the investment services provided to the clients concerned, it shall inform its clients, on an individual basis and at least annually, of the actual amount of the payments or benefits received or paid; and
- Non-pecuniary benefits that are not significant can be described in a generic way.

For the purposes of section b) above, a remuneration, fee or non-pecuniary benefit is deemed to enhance the quality of the service in question if the following requirements are met:

- It is justified by the provision of an additional or higher level of service to the client concerned, commensurate with the level of benefits received, such as:
  - i. The provision of non-independent investment advisory services and access to a wide range of suitable financial instruments, including an appropriate number of third party instruments that do not have close ties with Heed Capital;
  - ii. The provision of non-independent investment consulting in combination with an offer to the client to assess, at least on an annual basis, the suitability of the financial instruments in which the client has invested or with another ongoing service which may add value for the client, such as providing advisory services on the optimal allocation of the client's assets; or
  - iii. The provision of access at competitive prices to a wide range of financial instruments capable of meeting the client's needs, including an appropriate number of instruments from third parties not having close ties with the financial intermediary, together with the provision of added-value tools, such as information tools to assist the client in making objective investment decisions or enable the client to monitor, model and adjust the range of financial instruments in which it has invested, or with periodic reporting on the performance and costs and fees associated with financial instruments;
- It does not directly benefit the company receiving the benefit, its shareholders or employees, without any concrete advantage for the client concerned; and
- It is justified by the provision of an ongoing advantage to the client in relation to an ongoing benefit.

In the provision of investment advisory services on an independent basis or portfolio management services, Heed Capital may not accept any remuneration, commission, and/or pecuniary or non-pecuniary benefit, paid or granted by a third party or a person acting on behalf of a third party. This means, in connection with the provision of the service to clients, except for non-pecuniary benefits of a non-significant amount that meet the requirements set out in sections (a) and (b) above.

Accordingly, Heed Capital, in carrying on its investment advisory services or portfolio management business, shall:

- i. Return to its clients any fees, commissions or pecuniary benefits paid or provided by any third party, or a person acting on behalf of a third party, in relation to services provided to that client as soon as reasonably practicable after receipt, and all fees, commissions or pecuniary benefits received from third parties in relation to the provision of investment advisory services on an independent basis and portfolio management shall be transferred in full to the client;
- ii. Ensure internally that procedures are in place so that any fees, commissions or pecuniary benefits paid or provided by any third party, or a person acting on behalf of a third party, in relation to the provision of investment advisory services on an independent basis and portfolio management are allocated and transferred to each client in an individual manner;
- iii. Inform clients about fees, commissions or pecuniary benefits transferred to them, namely through the periodic information provided to the client.

Heed Capital shall not accept non-pecuniary benefits with the exception of the following non-significant non-pecuniary benefits, provided they are reasonable and proportionate:

- i. Information or documentation relating to a financial instrument or an investment service, of a generic or tailored nature to reflect the circumstances of an individual client
- ii. Written material from a third party to whom an issuer or potential issuer has commissioned and paid to promote a new issue, or where the third party firm is engaged and paid by the issuer to produce such material on an ongoing basis, provided that the relationship is clearly disclosed in the written material and that it is made available at the same time to any financial intermediary seeking to receive it or to the general public;
- iii. Participation in conferences, seminars or other training on the benefits and features of a particular financial instrument or investment service;
- iv. Reasonable hospitality expenses, such as food and beverages during a business meeting or a conference, a seminar or other training course referred to in the previous paragraph;

The provision of investment recommendations, within the meaning of Article 12-A of the Portuguese Securities Code, by third parties to Heed Capital in connection with the supply of portfolio management or other principal or ancillary investment services to clients is not considered a benefit if it is received in return for:

- a. Payments made directly by Heed Capital from its own resources;

- b. Payments from a segregated payment account intended for investment recommendations, controlled by Heed Capital as long as the following conditions regarding the operation of the account are met:
  - i. The payment account is funded by a specific commission charged to the client relating to investment recommendations;
  - ii. As part of setting up a payment account for investment recommendations and with the fee being agreed with its clients, Heed Capital periodically sets and evaluates the budget for investment recommendations;
  - iii. Heed Capital is responsible for the payment account intended for investment recommendations;
  - iv. Heed Capital periodically evaluates the quality of investment recommendations acquired based on robust quality criteria and their ability to contribute to better investment decisions.

#### **5.5.15. Employees' personal transactions**

All members of staff are required to report any personal transaction to the Board of Directors, in order to manage a potential conflict of interest, when it relates to activities that may generate a conflict of interest with the activities pursued by the Company. Including of the transaction in question could potentially involve the misuse of confidential information or the violation of any of the Company's legal, regulatory or statutory duties.

To ensure compliance with this rule, the Company shall disclose this policy to all employees, as well as the other relevant procedures, and shall promote the due clarification of all employees in order to ensure that:

- a) All employees are aware of the restrictions on personal transactions and the measures established by Heed Capital regarding personal transactions and disclosure of information;
- b) Heed Capital is informed promptly of all personal transactions carried out by employees, either by notification of such transactions or through other procedures that enable the Company to identify such transactions;
- c) a record is kept of the personal transaction notified to or identified by the company, including any authorisation or prohibition in connection with such transaction.

Whenever one of the situations mentioned in the previous paragraph occurs, the employee concerned must immediately report to the Board of Directors, with the knowledge of the Head of Compliance and Risk Management, of his/her intention to carry out any personal operation. In addition, an appropriate record of the same must be prepared and kept in physical or digital media for a minimum period of five (5) years.

#### **5.5.16. Process of analysis of reported operations**

The decision as to the acceptance of the reported personal transaction will be made by the Board of Directors, after an opinion has been issued by the Head of Compliance and Risk Management. Such decision shall consider all the parties involved, their relationship with the employees, when it is an indirect personal transaction, and the business conditions by establishing a comparison with general market conditions.

The final decision should be reasoned, containing an indication of the justifying facts, and should be communicated to the employee concerned (*see Annex II*).

#### **5.5.17. Procedure to settle conflicts of interest - Head of Compliance and Risk Management**

When the Head of Compliance and Risk Management is faced with a situation of potential, apparent or actual conflict of interest, he/she cannot exercise the responsibilities assigned to him/her in this Policy, and to this end, this fact must be immediately reported to the Supervisory Board for its decision.

#### **5.5.18. Allocation of investments between venture capital funds**

In the specific case of venture capital funds, and considering that Heed Capital may have under its management several CIUs with overlapping investment policies with regard, namely, to investment sectors and geographic sectors, investment decision procedures and criteria have been defined internally, which follow the following sequential order:

##### **Investment Policy**

The investment policy is the first criteria to be used for the investment decision, insofar as it allows the sectors in which the investment opportunity under analysis operates to be immediately and primarily aligned with the sectors established in the investment policy of each of the Funds.

Based on these criteria, there may be investment opportunities that fall under more than one Fund, enhancing a possible conflict of interest.

In this sense, should there be a Fund with an investment policy specifically geared to the investment sector of the opportunity under review, that investment will be channelled primarily into that Fund and subsequently into others that can also accommodate such an investment within the context of more general investment policies.

#### Investment Period

The investment period allows for the prioritisation of investment opportunities according to the phase in which the Fund is, at or near the end of its investment period. Based on this phase, opportunities are distributed among the various Funds in potential conflict.

#### Availability ratio of the Fund

The fund's availability ratio assesses the amount that each Fund has available to invest at the time of deciding on a particular investment.

In case there is a Fund with an investment policy specifically geared to the investment sector of the opportunity under analysis, the availability of that Fund will be primarily exhausted and subsequently the investment will be channelled to other Funds, in co-investment, as detailed in the following section.

#### Co-Investment

In cases where the previous criteria do not allow clarifying the investment overlaps, co-investment will be chosen.

The holding ratio of each Fund in co-investment will be defined by taking into account the criteria of the investment period and the availability ratio of each Fund at the time of investment.

#### **5.5.19. Remuneration Policy**

Heed Capital has a Remuneration Policy which ensures that the definition of remuneration, for members of the Board of Directors and employees of the Management Company, aims to eliminate any direct link between the remuneration concerned and the remuneration or income generated by other persons engaged in another activity, to the extent that a conflict of interest may arise between those activities.

#### **5.5.20. Internal training duty**

In order to guarantee the effective application of this Policy, the Company organises and promotes an annual training session for all its employees aimed at promoting and raising awareness of the occurrence of conflicts of interest, as well as explaining the procedures to be applied should such situations arise.

#### **5.5.21. Duty to update**

The Company must keep its policies up to date at all times, and should promote their updating and introduction of improvements whenever necessary:

- i. Within the scope of the activities developed by the Company, it finds that the procedures in place are not sufficient to guarantee the prevention of risks of losses to the interests of the unit holders of the funds under management;
- ii. The entry into force of legislative and regulatory changes regarding conflicts of interest;
- iii. Within the scope of internal analysis of certain situations of conflicts of interest, the Board of Directors determines the revision and/or improvement of the procedures in force.

Notwithstanding the provisions of the preceding paragraph, this Policy shall be subject to an annual review.

#### **VI. Duty to revise and update this Policy**

Heed Capital undertakes to evaluate and review on an annual basis, the rules contained in this Policy, taking all measures deemed necessary to correct any deficiencies detected. This obligation does not preclude a constant update of this policy, which shall be made whenever there is a need to improve, adapt or foresee new rules, due to legislative changes and/or an increase in the activity developed, in order to ensure the permanent updating of the procedures in force regarding the reality of the company.

## ANNEX I - REPORTING FORM ON CONFLICTS OF INTEREST

<b>Sender Identification:</b>	
Name:	
Department:	
Position:	
Phone:	E-mail:
<b>Identification of the recipient:</b>	
Head of Compliance and Risk Management	
Via email:	
<b>Identification of the indication / situation of non-compliance / potential conflict of interest:</b>	
Brief description of how you became aware of the situation:	
Type of operation and its description:	
Stakeholders:	
Regulatory framework:	
Description of the risk/ situation of non-compliance:	
<b>Other relevant observations:</b>	

[Date]

(Signature)

-----



## ANNEX II - INTERNAL ANALYSIS FORM ON CONFLICTS OF INTEREST

Date drafted:		
Date of receipt of the communication:		
Identification of the Head of Compliance and Risk Management:		
Identification of the persons involved:		
Identification of the person who made the communication (Name, position, department):	[Alternatively, the communication in Annex I may be attached, which must be duly completed in all its fields].	
Brief description of the causes and/or circumstances that led to the conflict of interest in question	[Alternatively, the communication in Annex I may be attached, which must be duly completed in all its fields].	
Grounds and respective legal framework of the situation described as giving rise to a conflict of interest	[Alternatively, the communication in Annex I may be attached, which must be duly completed in all its fields].	
Assessment of the situation described	[Opinion on whether the situation reported is likely to create a conflict of interest. Reasoning]	
Assessment of the foreseeable and/or expected consequences, as well as an evaluation of the level of risk and potential impact of the situation described on the Company's activity and on its Investors	[Risk rating should be high, moderate, low]. [Impact should be critical, tolerable, irrelevant]	
Proposal for mitigation and/or resolution of the reported situation:		
The analysis of the situation justifies the revision of the conflict of interest policy	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Rationale:	
If the answer is yes, please indicate the articles that should be amended and the proposed wording:	
Date sent to the Board of Directors:	

Date:

Signature:

### ANNEX III – ASSESSMENT DUTY DIAGRAM

