

**caceis**  
INVESTOR SERVICES

# Standard Due Diligence

**Infrastructure funds**



CACEIS Bank Luxembourg's Standard - Infrastructure Due Diligence Questionnaire can be submitted to potential or current investors holding an investment in such Funds and/or promoters of an investment fund for which CACEIS Bank Luxembourg provides services. The questionnaire focuses exclusively on CACEIS's role and servicing vis-à-vis Infrastructure funds with the objective of enabling the investor and/or promoter to make an appropriate assessment of CACEIS Bank Luxembourg's organization, operational infrastructure and procedures to perform its duties.



This document and its content have been reviewed and validated by CACEIS Bank Luxembourg's Compliance department as of **2 December 2015**.



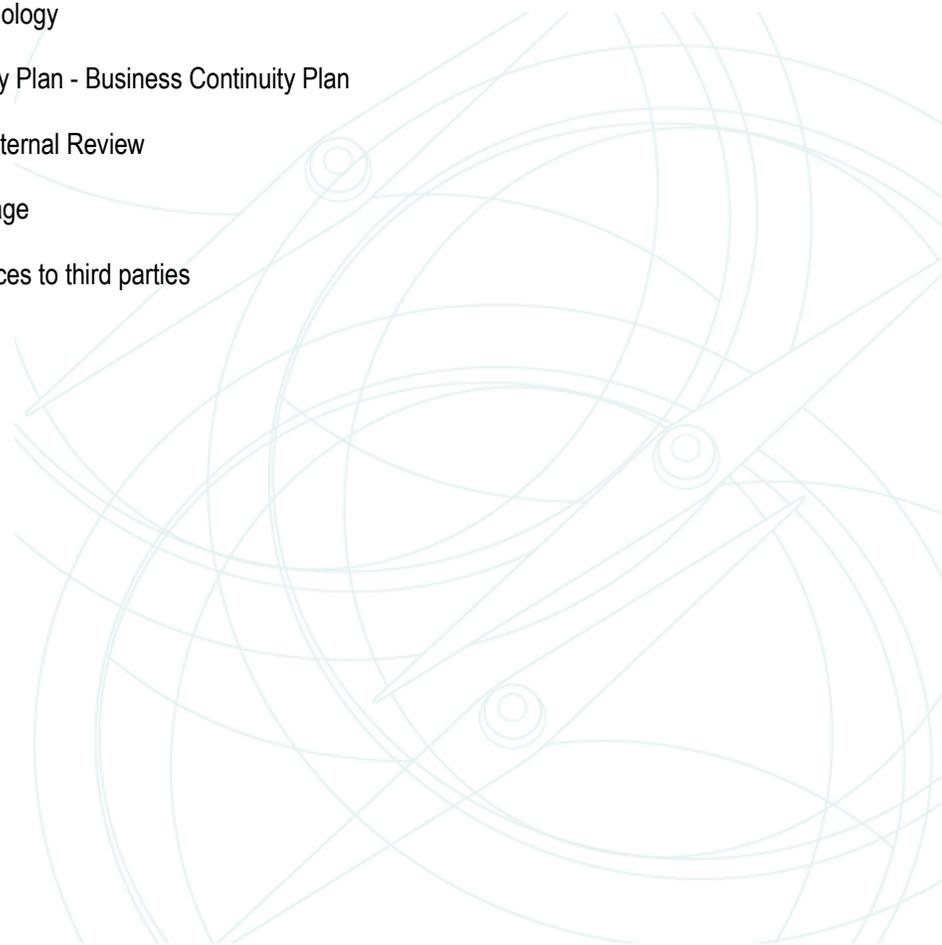
CACEIS's Standard Due Diligence Questionnaire contains sensitive and commercial information on CACEIS Bank Luxembourg's Risk Management and Operational procedures. It is provided to investors and/or promoters on a confidential basis which will not disclose or share any part of such information or transfer it in whole or in part without the prior written consent of CACEIS Bank Luxembourg.



Please note that this is an information document and does not constitute a contract of engagement with CACEIS Bank Luxembourg. The information set out in it is an indication of the terms on which we propose in principle to carry out for our customers all or part of the services described herein. However, the services provided for each customer are subject to any initial and subsequent engagement contract that may be entered into between CACEIS Bank Luxembourg and each customer as well as subject to applicable laws and regulations

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# 1 GENERAL INFORMATION



Name of Company	CACEIS Bank Luxembourg
Address	5, Allée Scheffer L-2520 Luxembourg
Telephone	+ 352 47 67 9
Website	www.caceis.com
Audited Financial Statements (those of parent company if applicable)	Please refer to the document in <b>Appendix 1</b>
SOC (ex SAS 70) Report or equivalent (if applicable)	Please refer to the document in <b>Appendix 2</b>

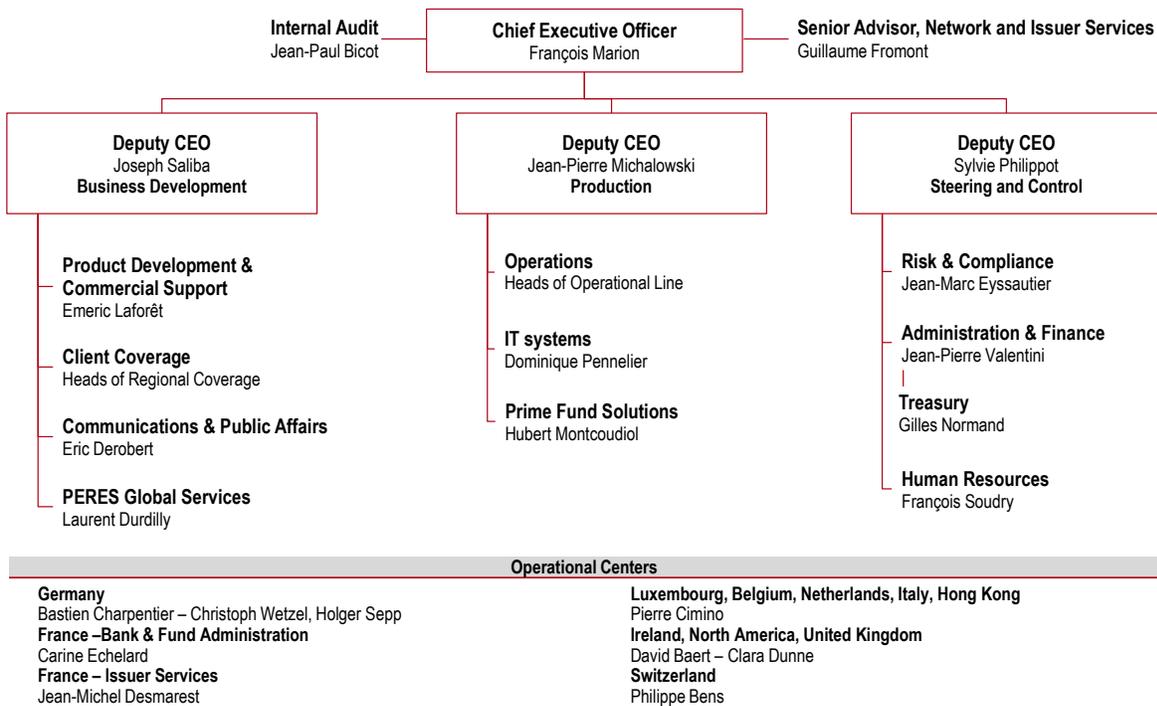
Please provide an organisation chart at a Group level and at a company level

## ORGANISATION CHART AT THE CACEIS GROUP LEVEL

CACEIS is structured around Business Development, Production and Steering & Control functions.

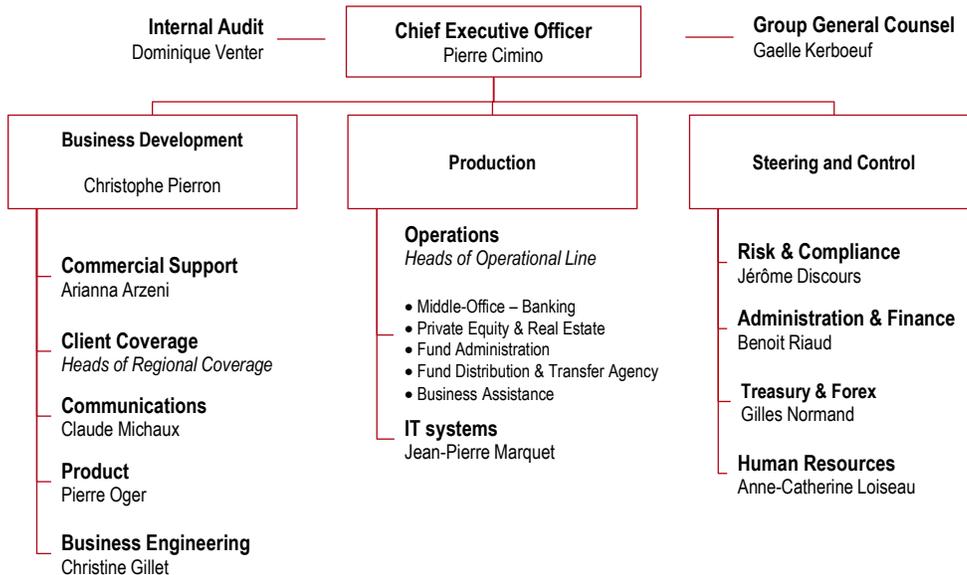
- Business Development is made up of communication, Product development, sale forces and client-facing departments working in close cooperation to develop and strengthen CACEIS's image and brand name, client base and services,
- Production groups together IT and eight operational lines common to several entities, unifying services and systems, whilst sharing best practices and expertise throughout the group.
- Steering & Control ensures secure processes and more globally that all Group activities meet the necessary standards set internally and by national and international regulators.

With 11 operational centres around the world, the international character of CACEIS' business contributes to the Group's dynamism. The managers of our offices around the world are not only highly experienced in the asset servicing industry but in most cases are nationals of the country in which the entity operates, thereby bringing a deep understanding of local issues, business practices and cultural expectations.



**ORGANISATION CHART AT CACEIS BANK LUXEMBOURG'S LEVEL**

Luxembourg domiciled funds are handled by CACEIS Bank Luxembourg. CACEIS Bank Luxembourg has been operating in Luxembourg for more than 20 years; it has been and remains a major participant in the development of Luxembourg as a financial centre.

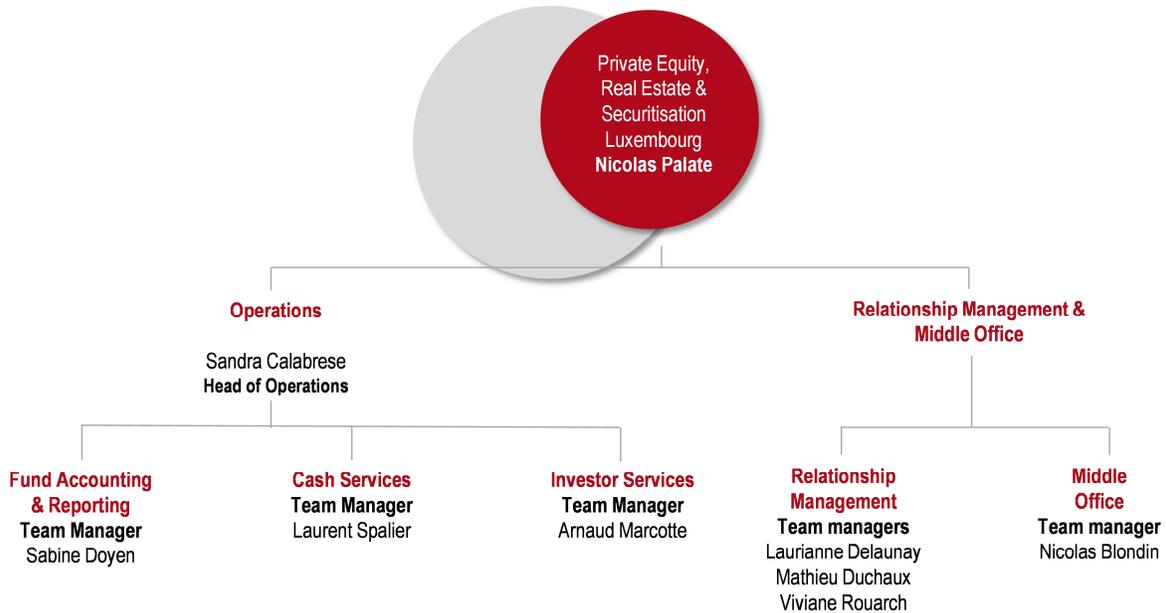


**FOCUS ON THE PRIVATE EQUITY & REAL ESTATE BUSINESS LINE IN LUXEMBOURG**

Real Estate and Private Equity funds are serviced by a dedicated department composed of experienced staff based in Luxembourg. This service approach is perfectly suited to the Real Estate and Private Equity philosophy with a single entry point for clients, ensuring that all processes and questions are addressed in a timely and efficient manner for both GPs and investors.

In Luxembourg, the Real Estate and Private Equity business line is headed by Pascal Hernalsteen. He reports directly to the Managing Director of CACEIS Bank Luxembourg and CACEIS Group Deputy CEO in charge of Business Development.

Composed of 40 people, the Real Estate and Private Equity teams group within a single business line the Banking Operations (including investor services), accounting teams and the depositary controls.



CACEIS's dedicated Real Estate & Private Equity Department is also supported in its day to day activity by the other departments within the Bank such as the Domiciliation, Fund Structuring (legal department), Dealing Room for Treasury and Cash Management activities and Operational support such as Cash and Securities Back-offices.

## 2 OWNERSHIP STRUCTURE



What type of legal entity is your company?

CACEIS Bank Luxembourg is a Luxembourg Société Anonyme ("S.A.")

Are you publicly traded or privately held?

CACEIS Bank Luxembourg is fully held by CACEIS, the holding company of the CACEIS Group.

Please provide the company's credit rating

CACEIS has a A/A-1 Standard & Poor's rating (as of January 2012 - no change since that date).

Please describe corporate and capital structure of parent company

CACEIS is backed by two of Europe's largest retail banking groups, which due to our prudential management strategy and long-term profitability, grant CACEIS the independence to define the most effective strategy to support its clients.

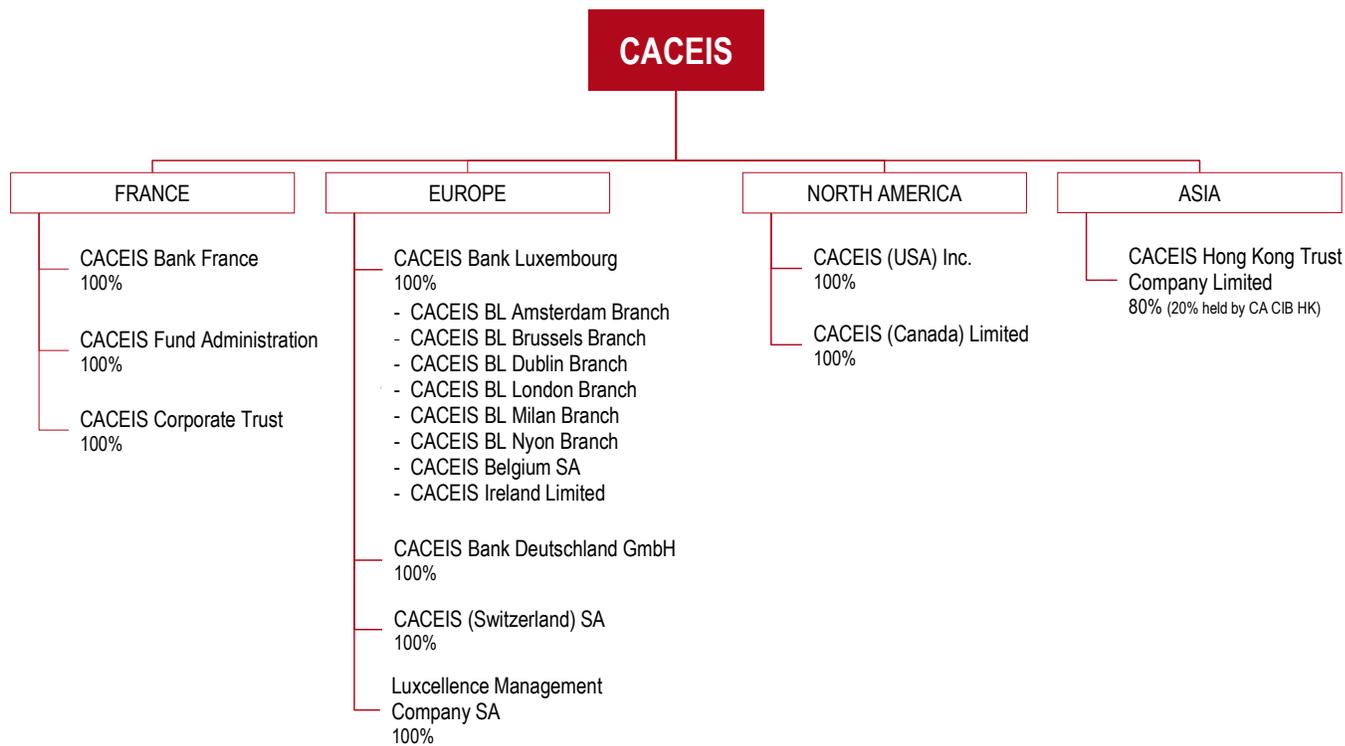
### **Crédit Agricole Group: 85%**

The Crédit Agricole Group is a market leader in retail banking in France and one of the largest banks in Europe. The strength of its retail banks, including 11,600 branches worldwide, and the expertise of its specialised subsidiaries give Crédit Agricole an effective presence in all areas of banking and finance.

### **BPCE Group: 15%**

BPCE Group, through its subsidiary Natixis, holds a minority stake of 15% in CACEIS

Groupe BPCE is the second banking group in France. It pursues all the activities of a banking and insurance specialist through the cooperative retail banking networks and a number of subsidiaries including Natixis, the Group's specialised corporate & investment banking, asset management and financial services arm.



Are there any recent or anticipated changes to the ownership structure ?

Last change occurred in 2009 when Crédit Agricole SA purchased 35% of the share capital and voting rights of CACEIS from Natixis. No other changes are currently anticipated.

### 3 OFFICE LOCATIONS SIZE OF OPERATION STAFF & HISTORY



Please list all office locations

CACEIS delivers depositary services across the leading European fund centres (Belgium, Luxembourg, France, Germany, Ireland and the Netherlands), for a broad range of investment funds, including Infrastructure funds. CACEIS is able to provide depositary services to a number of funds including: UK LPs and unit trusts, Luxembourg SIFs, French OPCIs, German Spezialfonds / Publikumsfonds, etc.

In addition, CACEIS has banking operations in France, Germany, Ireland and Luxembourg. Our fund administration operates in Belgium, Canada, France, Hong Kong, Ireland, Luxembourg, Switzerland, the Netherlands.

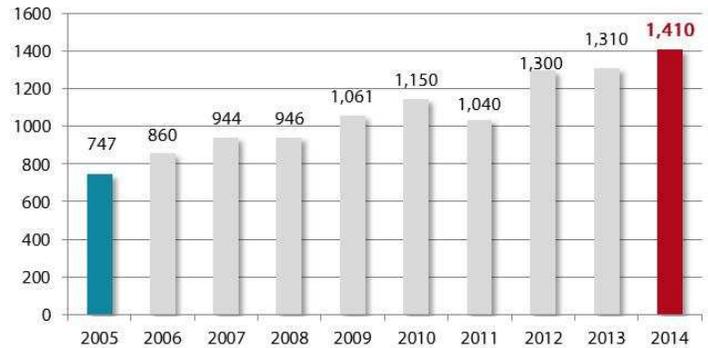
CACEIS has also sale offices in New York, Zurich, Frankfurt and London.



What are total assets under administration of the company / group currently / since inception?

Total assets under administration of the CACEIS Group were €1.4tr. at the end of December 2014.

## Assets under Administration in EUR bn.

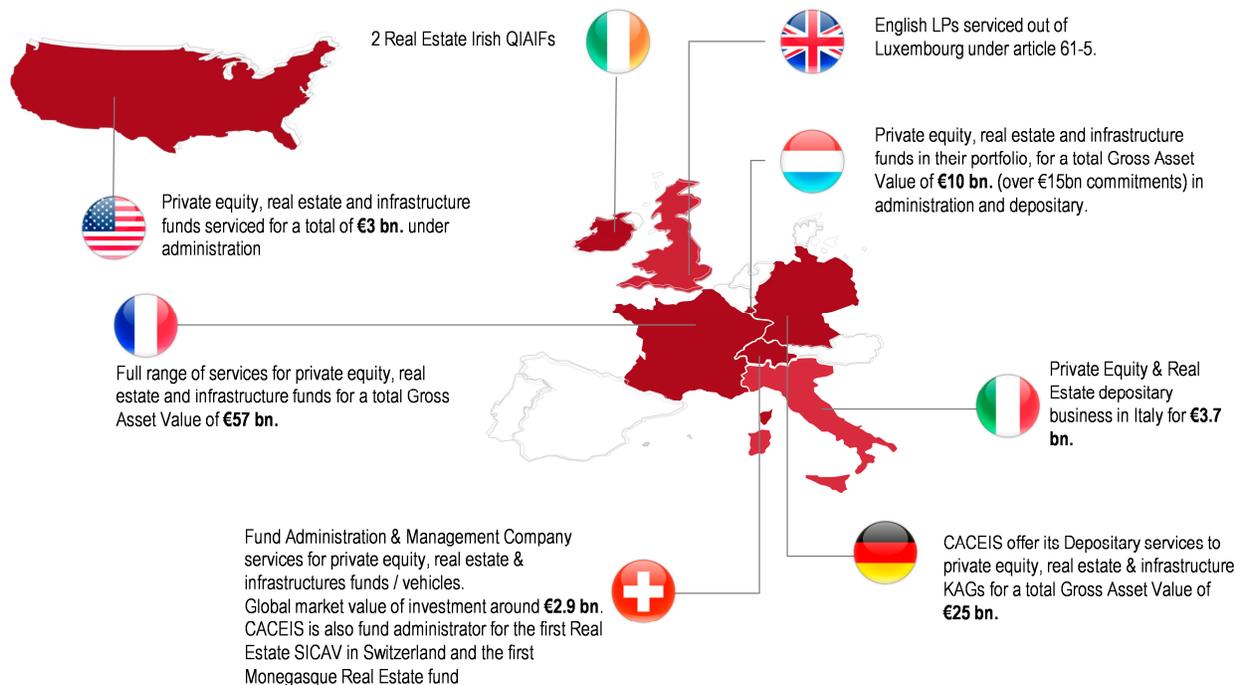


How many funds are currently administered by the company / group?

As of end of December 2014, 7,892 sub-funds were administered at the CACEIS's Group level (including mandates). In Luxembourg, CACEIS administers 1,872 sub-funds.

What proportion of total funds under administration relates to Private Equity and Real Estate investments?

The Real Estate and Private Equity business represents a substantial and fast growing portion of the CACEIS Group's overall client base and is serviced in various entities.

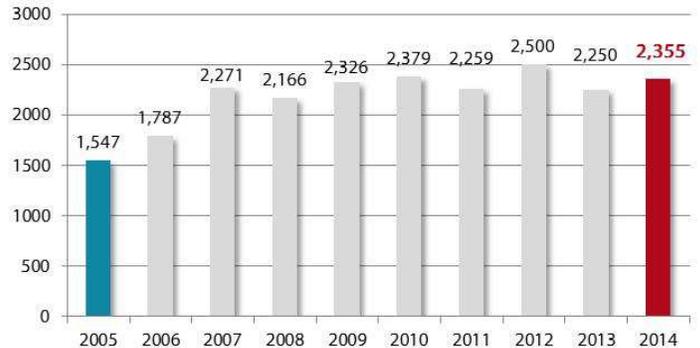


50 Private Equity, Real Estate and Infrastructure clients entrusted their funds to CACEIS Bank Luxembourg representing some 143 vehicles and amounting € 10 billion gross assets under administration (commitment over € 15 bn.).

What are total assets under custody of the company / group currently / since inception?

As of end of December 2014, total assets under custody of the CACEIS Group = €2.35tr.

## Assets under Custody in EUR bn.



What are total assets under depositary of the company?

CACEIS is one of the largest provider of depositary / trustee services in Europe with €823bn assets (figures as of end of December 2014).

Provide a short history of the company with the most important milestones

CACEIS is the result of successive partnerships, mergers and acquisitions of banking groups' securities services divisions, amongst which the ones that belonged to our shareholders, Crédit Agricole SA founded in 1920 and Caisse des Dépôts founded in 1816.

### 2005

Founding of CACEIS, through the 50/50 joint venture between Crédit Agricole Group and Group Caisse d'Épargne's Securities and Financial Services branches. The new group combined all the asset servicing business lines of CA-IS & IXIS IS

The shareholder structure further evolved in 2007, with the creation of Natixis through the combination of the activities of Caisse d'Épargne Group and Banque Populaire Group.

### 2006-2007

Major expansion of CACEIS's activities by the acquisition of Fidfund in Switzerland and creation of CACEIS Fastnet (Suisse) in 2006. In 2007, CACEIS acquired the Depositary banking division of HypoVereinsbank in Germany and the hedge fund administration specialist, Olympia Capital, with offices in the US, Canada, Ireland and Bermuda.

### 2009

CACEIS pursued its expansion strategy further, by creating an office in Hong Kong, (CACEIS Hong Kong Ltd) in order to support our clients' business development goals.

Work has continued throughout 2009 on all these new entities in order to align them with the rest of the CACEIS group in terms of the legal framework under which they operate, to share best practices from other group entities and finally to extend the range of products and services offered to clients.

On 30 June 2009, Crédit Agricole SA purchased 35% of the share capital and voting rights of CACEIS from Natixis. Following this transaction, Crédit Agricole S.A. owns 85% of the share capital of CACEIS S.A. (compared with 50% previously) and thus has exclusive control over the company.

Natixis currently still owns 15% of CACEIS' share capital.

#### **2010**

CACEIS acquired the depositary/custody activities of HSBC France, and the fund administration activities of its subsidiary, HSS France.

Following the acquisition of Fortis by BNP Paribas and BNP's subsequent decision to withdraw Fortis activities from Fastnet to its own administration business, CACEIS became the exclusive owner and operator of the Fastnet Network.

#### **2011**

The CACEIS Group progressively took full ownership of all Fastnet entities. To reflect this new ownership structure, the decision has been taken to bring all of the entities together under the CACEIS brand and to retire the Fastnet brand. By regrouping all these entities under one single brand, the Group took a positive step towards simplifying company interactions for its clients, increasing CACEIS's visibility in the financial market place, and improving Group coherence.

#### **2012**

CACEIS insourced the Barclays Wealth Managers France's depositary, custody and fund administration activities, Groupama AM's fund valuation activity in France and the activities of SIF, the Swiss-based fund administration business of EFG International.

#### **2013**

CACEIS opened a sales office in London and extended its European Depositary network with two new branches in Belgium and the Netherlands.

#### **2014**

CACEIS opened a branch in Italy with a full range of service offerings.

#### **2015**

CACEIS opened new banking branches in Switzerland – CACEIS Bank Luxembourg Nyon Branch – and in United Kingdom – CACEIS Bank Luxembourg London Branch - thereby increasing its presence in the market in accordance with its European expansion strategy. The two branches are fully integrated with the Group's operational platforms, giving clients access to the full range of CACEIS's asset servicing solutions.

**Give a brief history of your company, in particular the development of services for Real Estate and debt funds in Luxembourg.**

CACEIS Bank Luxembourg has a strong expertise not only in the Real Estate business but also in the Private Equity and Infrastructure fields, which has been developed over several years, both in terms of operational and legal know-how.

CACEIS has inherited a long history of involvement in Private Equity and Real Estate from the Indosuez group back to the early 1990s. That was partly behind the reasoning to build up a separate servicing team to handle private equity, real estate and infrastructure funds. By the creation of a dedicated business line in 2006, we demonstrated our intention to strengthen our position as a leading player on the Luxembourg market and to better anticipate our clients' needs.

Through this history, CACEIS Bank Luxembourg has a thorough understanding of Private Equity, Real Estate and Infrastructure vehicles, the roles and procedures required in our capacity as depositary and custodian bank, corporate and administration agent, and registrar and transfer agent.

Current total employees firm wide

As of end of December 2014, 3,300 persons at the CACEIS's Group level.

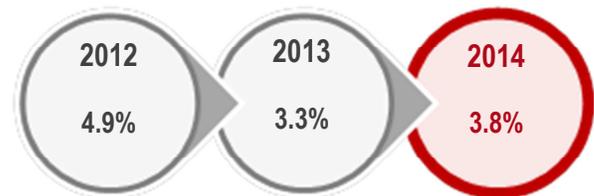
Current total employees in Luxembourg

As of end of December 2014, 990 employees worked for CACEIS Bank Luxembourg.

How many are dedicated to Private Equity and Real Estate servicing?

As of today, 40 employees work for CACEIS's Private Equity and Real Estate department in Luxembourg.

What has the employee turnover been like (departures and new hires) for the last three years?



Do you offer any training to maintain and improve education levels of staff?

CACEIS invests a significant percentage of its total payroll into professional development programmes:

- A training budget which represents more than 5 % of the total payroll,
- A training rate of more than 80 % of the employees.

As a result of this investment programme, we have achieved very low levels of staff turnover across the Group. So our clients receive the most appropriate and accurate servicing from staff that is knowledgeable both about local and international asset management and asset servicing issues, and understand the internal workings of our Group in all countries where we, and our clients, operate.

Training is given either by CACEIS employees, specialists in their field or by carefully selected external service providers known for their expertise.

Staff training is organised on a permanent basis at various levels:

#### **New staff training and integration**

- New employees are welcomed on their first day and are introduced to CACEIS's HR policies. It is the "Be Welcome" process. During their first six months, they are invited to a "Welcome Day", a half-day induction seminar where they follow several corporate presentations on the main activities of the company.
- New employees are invited to several half-day trainings aimed at giving them a better knowledge of the main activities and a good understanding of the links existing between these activities. These

trainings cover several themes.

- New employees also follow mandatory regulatory trainings dealing with compliance, fraud prevention, etc.

### **Knowledge transfer**

- "On the job" training given by line-managers themselves,
- FlashTraining: focused, two hour training sessions, providing an opportunity to explore a CACEIS business, product or project. These help our staff identify potential internal progression opportunities and better understand skills across CACEIS Group. They are open to all, and provide an opportunity for everyone to improve their knowledge of the Group's Business Lines and organisation. These internal training courses are led by managers or business line experts, allowing each sector to promote themselves, their missions and services.

### **Employees' skills development**

Training organised by selected external providers on specific topics including technical skills, language, IT or management skills.

For people willing to develop their skills or change jobs, the JobDiscovery action allows them to spend two days exploring the activity of other CACEIS departments. The initiative is driven by managers and employees, and combines group training and immersion in the position. The teams present their work and the interactions they have with the various CACEIS departments.

### **E-learning**

All the employees have an unlimited access to several e-learning platforms dedicated to financial knowledge, to professional efficiency and to personal development.

### **Managerial training**

One of CACEIS's global objectives is to allow managers to improve their skills with the following tools:

- Manager Chart provides common guidelines and specific tools in order to implement and enhance their managerial skills. The purpose of this chart is to improve relationship within the teams,
- Manager Passport guides new managers during their first 100 days. It contains advices and best practices in association with one of the skills of the ManagerChart,
- ManagerKit is a toolbox intended for all the managers. It contains e-learning courses available at any time. Managers can train themselves on team management, individual management and personal development. A few examples of these e-learning modules are based on leadership development, recruitment/appraisal interview, team meeting management, conflict management, etc.

## 4 CLIENT ACCEPTANCE



Please describe in details your clients/fund acceptance process?

The Risk and Compliance Committee (“CRC”) is the cornerstone of CACEIS Bank Luxembourg’s Risk mechanism and the only way through which we enter into a relationship with a new client. It ensures that all risks inherent to the introduction of a new product or service into CACEIS’s offering are correctly controlled. It handles all matters relating to operational, credit/counterparty and financial risks (rating, application of limits, monitoring of limit excesses, serious incidents, reporting, etc.).

The CRC meets bimonthly and it is composed as follows:

- At least two of the Directors approved by the CSSF should participate to the CRC,
- Are also invited to the CRC: Head of Fund Structuring, Head of Compliance, Head of Operational Risks, Head of Credit & Counterparty Risks, Business Implementation, Head of Investment Management Services & Banking Services, Commercial, Head of Sales Monitoring and Support.

The representatives of CACEIS Risk Management Department are also invited to participate to the CRC as well as the General Manager of CACEIS.

The list of Committee meeting participants may be enlarged to include any manager concerned by an agenda item or who may be able to provide additional information on a specific point.

The acceptance process is based on following information:

- Type of investment Fund,
- Investment policy, contemplated investments and countries of investment,
- Is the client a regulated entity / MIFID compliant?
- Has the client other relationships with other CACEIS entities?
- Is the Management Company a regulated entity?
- Information on the Alternative Investment Fund Manager,
- Information on the global distributor,
- Distribution countries,
- Contemplated investor base.

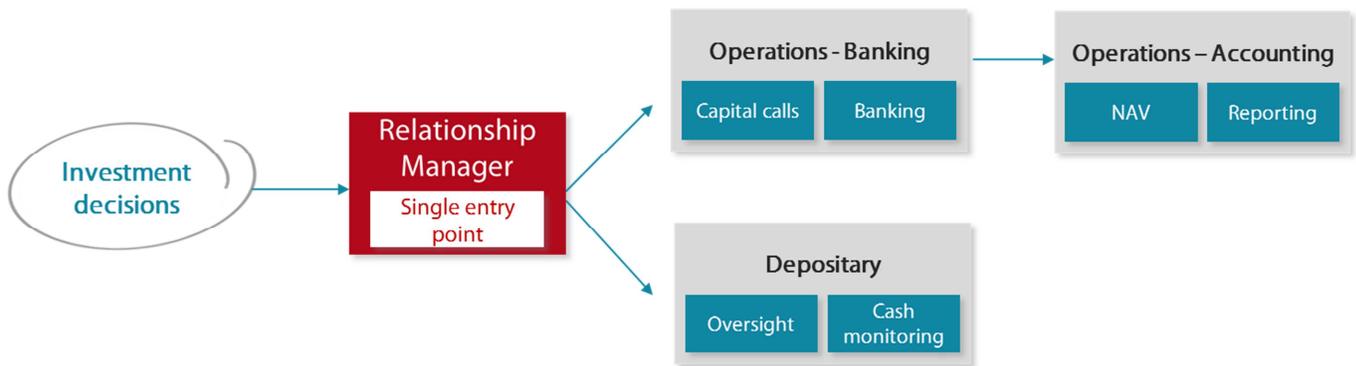
All new client relationships and projects have to be presented and approved by the Risk Committee of CACEIS Bank Luxembourg (CRC) before their effective implementation.

## 5 INFRASTRUCTURE OPERATIONS



Please include a description of the operating and client servicing model

CACEIS has set up a bespoke Private Equity, Real Estate and Infrastructure servicing team whereby the Relationship Manager coordinates the whole process.



They timely support client's investment flows as they trigger capital calls, processing and reporting downwards back to the GP and the investors.

Incoming trades can be received by fax, e-mails (dedicated e-mail address) or by post. There is no need for double routing to the custody and fund accounting area as your Relationship Manager will be in charge of instructing the relevant business area whenever necessary.

Once the client informs CACEIS about an upcoming investment, the Relationship Manager:

- ensures all the necessary documentation from a depository perspective is received,
- informs the Banking Operation area they can perform the outgoing payment,
- updates a segregated portfolio of assets via Front Invest Alternative,
- informs the Accounting area so that they can update the accounts accordingly.

Based on the portfolio updated and the legal documentation filed, the Accounting desk is able to book all transactions related to a specific investment operation (cash basis entries or accruals based on agreements in place).

A Chinese wall is in place between portfolio maintenance and accounting bookkeeping (both in terms of system and people in charge) to ensure appropriate level of controls.

Please explain your ability to act as custodian and/or professional depositary

Detail your approach and the depositary processes applied to:

- The Safekeeping
- Assets monitoring and supervision
- Cash monitoring
- Investment Compliance

CACEIS's role of depositary under AIFMD is:

- Custody (safekeeping) of financial instruments that can be held in custody,
- Supervision for assets other than financial instruments, i.e. those which cannot be held in custody, there is an obligation to "verify the ownership" of the assets and maintain a record of those assets for which the depositary is satisfied that ownership is held by the Alternative Investment Fund "AIF",
- Proper monitoring of the AIF's cash flow, particularly concerning subscription proceeds,
- Additional oversight functions (e.g. control of the NAV, transactions at the Transfer Agent ("TA") level, asset valuation, ex-post control of compliance of the AIFM's instructions against the applicable law and fund instruments of incorporation).

### Initial assessment

From an initial assessment and applying a risk-based approach, CACEIS will decide on the level of due diligence it needs to implement and the level of periodic controls it needs to undertake.

In this context, it is necessary to identify:

- Does the Fund fall under the scope of AIFMD?
- Who is the AIFM? Which is its expertise? What are its responsibilities?
- Who is the independent valuer(s)? Is it an eligible entity under the AIFMD requirements?
- Which entity is performing the TA function?; Which entity is performing the function of Fund Administrative Agent?
- Appropriate information sharing and cooperation arrangements with the AIFM?
- Scope of the eligible investments (Financial Instruments) and target markets?
- Potential delegation of safekeeping duties (identification of Prime Brokers, Clearing Brokers, Cash Accounts, etc.)

### Safekeeping

One must distinguish between "**Assets under custody**" and "**Record-Kept Assets**".

Assets under custody include:

- Financial instruments which can be physically delivered to the depositary
- Financial instruments meeting both following conditions:
  - They are transferable securities, money market instruments or units of collective investment undertakings ; and
  - They are capable of being registered or held in account held directly or indirectly in the name of the depositary.

**In relation to these financial assets**, CACEIS offers custody services through its safekeeping network in some 85 countries. When CACEIS delegates the custody of its client's assets to a sub-custodian:

- each agreement imposes on the selected sub-custodian to exercise the

same standard of reasonable care and due diligence that it exercises over its own property and/or assets in view of allowing CACEIS, in turn, to comply with its professional duties towards its own clients.

- CACEIS applies a very strict due diligence process in the selection and on-going monitoring of its sub-custody network, supported as the case may be, with the expertise of third parties dedicated to provide such services (further details on CACEIS's on-going monitoring duties are already explained in the following section).

**Record Kept assets** are all other assets which do not qualify as assets under custody (i.e. cash and Infrastructure assets belonging to the AIF or over which the AIF may exercise certain rights, but which assets are not recorded on an account with CACEIS and hence do not qualify as assets under custody). As depositary, CACEIS will verify the ownership of the AIF over such assets and maintain records of them but do not bears obligation of "conservation" or "restitution" in relation to these assets.

CACEIS transmits depositary statements to its clients with information related to the AIF's Assets. Further to interest expressed by clients, CACEIS intends to extensively amend and update its depositary statement. Thanks to this statement, clients are in a position to reconcile the completeness and accuracy of its positions with assets held in custody, assets subject to record-keeping, cash accounts opened with third-parties and the cash accounts opened at the depositary.

### **Asset monitoring**

According to the local regulations in force, CACEIS shall at all times know:

- how the Assets have been invested,
- what is the category of the Assets,
- where the Assets are located and
- how these Assets are available for sale.

CACEIS's depositary duties will be adjusted according to the type of assets e.g. financial instruments which are considered as "asset under custody" and "other assets" subject to record-keeping.

**For asset under custody**, CACEIS monitors and supervises the assets through various means:

- Sub-custodian network selection process: a list of potential providers is established by the relevant Committee following investigations carried out on the markets. Further to an analysis of the financial strength of those providers, a pre-selection is carried out by the Committee, which subsequently sends a Request for Proposal - RFP - to the relevant provider.
- The RFP, together with a complete questionnaire and a relationship-building procedure will closely examine aspects relating to the agents' financial soundness, the market's particular features and all the issues pertaining to the operational processes, risks, compliance and financial security. From a legal perspective CACEIS will verify whether such a provider accepts liability in case of default of its proper sub-custodian.
- Sub-custodians are ultimately validated by the Network Committee which meets quarterly;
- Further to the appointment of a sub-custodian, due diligence visits are

made on a regular basis. These visits are made either directly by CACEIS Bank teams or by an accredited external service provider, systematically recorded in writing and presented to the Agents Committee.

- In addition, operational departments in charge of monitoring transaction recording and settlement and corporate action processing carry out oversight procedures on the sub-custodians on a daily basis. The procedure is also implemented via the reconciliation of financial instrument assets deposited with foreign sub-custodians.

**For Record-Kept-Assets**, CACEIS will use its best endeavors to verify the ownership of AIF's Record-Kept-Assets upon any document testifying the legal ownership. In this context, the client should fully cooperate with CACEIS to provide all information and documents that are necessary in the context of its depository mission. To do so, we will need to be involved in the investment process at an early stage.

In particular for certain jurisdictions, we need to ascertain that the transfer of ownership towards the fund is done in accordance with relevant laws and regulations. Depending on the location of the target investment, CACEIS' Risk Committee may request a legal opinion related to the investment.

Should Infrastructure investments be performed via SPV, we will also require:

- Deeds of incorporation of a SPV;
- Updated articles of incorporation;
- Company Business Licence and authorization and authorization / Business registration;
- Copy of the shareholders registrar with the percentage held by each shareholder or certificate of registration;
- Investment Committee or Board of Directors decision approving the investment;
- Last audited/unaudited financial statements;
- In case of co-investments, copies of the shareholders/co-investment agreements if any.

Should investments be subject to financing, we will also require:

- Loan agreement with information related to loan conditions (interest rate, maturity, amounts, tranches of payment, conditions of repayment);
- Full details on financial instruments between the various SPVs layers such as Profit participating loans ("PPL"), Asset linked loans ("ALN"), Interest bearing loans, Convertible Preferred Equity Certificates ("CPEC"), Asset Linked Preferred Equity Certificate ("ALPEC"), etc.

As a general rule, we may adapt and/or enlarge the list of required documents according to the type/nature of the investment.

At least on a yearly basis and in addition to accumulating external information on the investments and maintaining full record of equity and debt evolution, we seek to check independently the ownership of assets in portfolio from the initial level of holdings to the last level (opened/closed intercompany confirmations for equity and loan investments, extract of Commercial registries, Financial statements, shareholders registers, articles of incorporation, etc. of the underlying companies, etc.

### Cash monitoring

CACEIS shall have access to all information regarding AIF/AIFM cash accounts and/or cash accounts opened with third parties. This will enable CACEIS to have a clear overview of all AIF's cash flows including those resulting from subscription, redemption, corporate actions and transaction. CACEIS's depositary duty will be conducted on cash accounts held at the level of the AIF only e.g. cash monitoring duties will not be performed on a look-through basis. Cash being held by entities controlled by the AIF does not fall under that depositary scope and CACEIS will rely on the AIF/AIFM's controls and procedures around cash monitoring at SPV level.

The only exception to this principle is the investment stage during which CACEIS will apply the look-through at all level of investment vehicles specially structured to hold investments.

AIF/AIFM must inform CACEIS of the existence of all existing cash accounts opened with third parties in order for cash to implement cash flow monitoring processes.

### Investment Compliance

On an ex-post basis, CACEIS will verify the compliance of the investment process with the Fund governance defined in the Private Placement Memorandum and Articles of Incorporation (Acceptance of the Investment Committee or other corporate body, BoD approval, transaction duly signed, etc.). CACEIS will need to be involved in the investment process, especially in certain jurisdictions, so as to ensure that the transfer of property towards the Fund is done in accordance with relevant laws and regulations. A close cooperation with local accountants/local loan agents and the client is required to collect all the information.

During the investment compliance implementation process, CACEIS will pay special attention to the description of the figures to be controlled and the different elements of this control (frequency, basis, escalation process with the AIFM and/or Board of Directors).

Referring to legal investment restrictions, FrontInvest Alternative allows to create automated warnings and reports in order to monitor the investments made and their evolution in the portfolio.

In addition to legal investment restrictions, CACEIS can also verify the investment rules as stated in the PPM. Indeed, FrontInvest Alternative provides a tailored yet large static data management system able to deal with a large panel of investment instruments from the Private Equity and Real Estate fields. CACEIS can download all portfolio static data into Excel spreadsheets and customises ad-hoc compliance controls.

Please describe capital call, distribution and issuance of units processes

We provide full Investor services including:

- AML/KYC process: processing and documentation for Investors, is performed directly with Investors or through the General Partner,
- Maintenance of the shareholder register and subscription (commitment or subscription approach) processing,
- Transfer Agent & Paying Agent duties:

- Commitments management and follow-up at initial and additional closings,
- Events on capital: calculation of capital calls, equalisation, share buy back, follow-up of commitment and share transfers, income distributions, redemption of shares, etc.
- Calculation, Investors notification, follow-up with Investors, Funds' Governance follow-up, reporting to GP or BoD, etc.

Upon instruction of the management company on a incoming capital call or distribution, we will:

- Produce the calculation of the individual amount to be called from each investor / to be distributed to each investor according with local laws / PPM provisions,
- If applicable, calculation of the late interest fees and equalisation of the new investors,
- Production of the capital call/distribution notices in accordance with pre-agreed templates,
- Send the notices,
- Follow-up regularly the capital call amount received / execution of the distribution payments on the agreed date.

We will analyse the distribution and redemption conditions as outlined in the fund constitutional documents. We do then propose a process formalised in the Operating Memorandum. A standard process could be described as follows in such memorandum:

<b>Distribution</b>		
<b>Action</b>	<b>Responsible Entity</b>	<b>Communication means</b>
The Board informs CACEIS of the dividend distribution process	Management Board Investment Adviser	Phone – e-mail
CACEIS will prepare dividend distribution figures according to the distribution policy	CACEIS – Investment Adviser	E-mail
The Board reviews the calculation and validate the distribution amounts	Investment Adviser	E-mail
CACEIS reviews the payment details of each investor and if missing or incorrect, liaise with Board or directly with investor if authorised	CACEIS	E-mail
The Board provides CACEIS with the formal decision to process the distribution	Management Board	E-mail + original to follow
CACEIS processes the dividend payment based on the Board's decision	CACEIS	Cash electronic transfer
CACEIS informs the Board on the payment status	CACEIS	E-mail
CACEIS sends distribution notices to shareholders	CACEIS	E-mail + Registered letter

Please confirm whether you take responsibility for carrying out KYC/Anti-Money Laundering checks on investors

When CACEIS is appointed as Registrar Agent, we are in charge of the identification of all investors recorded in our system. Therefore we must obtain all the KYC documentation to properly perform the Anti-Money Laundering (AML) and Know Your Customers (KYC) due diligence in connection with the Fund's investors.

Please briefly describe the fund accounting and record keeping process

As a bank regulated by the Commission de Surveillance du Secteur Financier in the Grand-Duchy of Luxembourg, we apply the AML regulations that are applicable to entities holding the status of "Professional of the Financial Sector" status and/or UCIs, mainly:

- Law of 12 November 2004, as amended,
- CSSF Circular 10/476 and CSSF Regulation N°12-02 of 14 December 2012 on the fight against money laundering and terrorist financing,
- EU Directives 2005/60 and 2006/70.

The ultimate responsibility of the Investor identification and on-board decision remains however with the Fund Board or General Partner which has delegated the investor identification to CACEIS.

The majority of our clients have opted for a quarterly NAV calculation with an annual audit process.

We also cover various computation ranging from monthly to yearly frequency.

### **Extensive range of Accounting and NAV computation services**

CACEIS is in charge of the NAV calculation and day-to-day book-keeping. This includes in particular the following tasks:

- Accounting services for the fund, underlying Luxembourg companies and General Partner,
- Handling of various accounting GAAP (IFRS, Lux GAAP, French GAAP, various European GAAP),
- NAV calculation per share class,
- Fees and Tax management:
  - Expense computation and accruals including for base management fee,
  - Reconciliation of expense payment and accounting entries,
  - Subscription tax calculation.
- Reporting to the local authorities (only for Luxembourg funds),
- Interface with the auditors.

### **Process**

We ensure that the PERES fund's activities are accounted for on a day-to-day basis, administered and reconciled in conjunction with the appropriate operating statements.

Checks lists allow our fund accountants to do the relevant controls. Some warning are set-up directly into the accounting system to help fund accountants to perform their checks. In addition, the Fund Accounting Manager also reviews the likeliness of the overall bookings and performs key controls (4 eye principle).

Last but not least, we can also implement a review and validation of the NAV in cooperation with the investment manager.

Please describe the standard reporting schedule for the preparation of financial statements

Annual reports are produced by the accounting team with a view to best share fund financial information and smoothen the production of the reporting.

The preliminary stages for the production of the annual report are the following:

- Regular bookkeeping of movements by CACEIS,
- Obtain:
  - the necessary legal documentation of investments and disinvestments,
  - the fair valuation of assets,
  - the detail of fees and revenues,
  - the approval of the waterfall computation.

We usually organise meetings with clients and auditors in order to review the accounts in detail before year-end. This gives the opportunity to discuss issues and agree on any corrective action required. We obviously also liaise with the auditors during their annual review, follow-up of the audit letters (engagement letters, representation letters). Except for the fair valuation of assets, the whole interface with the auditors is performed by the PERES team.

Please find below an illustration of a proposed process and timeline with auditors:

Action	Timeline	Responsible Entity	Delivery to
Auditors will arrange with CACEIS the timing and content of Auditors' field work.	Closing – 1 month	Auditors/CACEIS	CACEIS
Auditors to obtain Accounting TB and GL/TA information for IFORS.	Asset fair valuation + 5 BD	CACEIS	Auditors
CACEIS to draft financial statements (1st draft) for IFORS and send to Manager for review or directly to Auditors	+ 5 BD	CACEIS	Auditors
Questions / answers with the Auditors	ASAP	Auditors	CACEIS
Auditors comments on financial statements for IFORS	ASAP	Auditors	CACEIS
Auditors sign off on financial statements for IFORS.	ASAP	Auditors	CACEIS
BoD meeting ratifying the financial statements for IFORS	ASAP	CACEIS	BoD
Auditors issues audit report and confirmation of no management letter.	ASAP	Auditors	BoD / CACEIS
AGM approving the financial statements for IFORS	ASAP	CACEIS	BoD

## 6 REGULATORY BODY



Who is your regulator?

CACEIS Bank Luxembourg is a Bank regulated by the Commission de Surveillance du Secteur Financier ("CSSF") in the Grand-Duchy of Luxembourg.

If a group, is this your main regulator or are you subject to regulation by a regulator in another jurisdiction?

CACEIS as a French entity complies with the regulations issued by the French regulator (Autorité des Marchés Financiers - AMF). As an international group, we also comply with local regulations in all the countries where we are present.

When was the last regulator visit / audit and were any material issues identified? If yes, what was the nature of the issue(s) and how long did they take to be resolved?

CACEIS' Executive Committee meets with the management of the CSSF at least once a year to present its organization, figures and development projects for the coming months. On-site visits are organised at the CSSF's request.

The most recent review took place in December 2014. The CSSF focusses on:

- CACEIS's Administrative agent activities with a focus on the application of the CSSF circular 02/77.
- CACEIS Anti money laundering procedure and fight against terrorism procedure and controls.

We have not received any formalised conclusions yet but we assume that no major concern has been identified and that our procedures are in line with the regulator's expectations.

Provide details of any previous incidents resulting in fines, censorship or disciplinary action by your regulators.

CACEIS Bank Luxembourg's Depository activity does not have any past or pending fines, censorship or any disciplinary actions with the CSSF, our regulator.

Define the process for ensuring that you are aware of and manage regulatory or legislative changes and what process you follow to implement these changes in a timely and compliant manner.

Most of CACEIS Bank Luxembourg's activities are regulated. Therefore, ensuring that our activities, as well as those we deal with on behalf of our clients, are compliant with regulations at a company, national and international level, is essential.

CACEIS is always at the forefront of legal developments thanks to the involvement of a dedicated team in charge of defending and promoting CACEIS positions and values as regards to regulatory and technical initiatives.

CACEIS's Compliance and Fund Structuring departments play key role in managing regulatory changes:

- CACEIS's compliance division, which covers CACEIS's worldwide operations, establishes and monitors the effectiveness of compliance controls throughout our organisation in order to provide a strong level of protection for our clients against unnecessary levels of financial and non-financial risk.
- The Fund Structuring & Domicile department also ensures on-going monitoring of the Luxembourg and EU regulatory framework which may have an impact on CACEIS Bank Luxembourg's role as Central Administration and Custody/Depository to ensure, if applicable, modification of our internal procedures, business models or relevant agreements with our clients.

As a general rule, in preparing at an early stage for any challenging market and/or regulatory issue affecting our core business and/or investor protection, representatives from CACEIS are deeply involved in market discussions with the competent local authorities (the Commission de Surveillance du Secteur Financier CSSF in Luxembourg) or key national industry associations.

For any new European regulation, a dedicated steering committee at the Group level is in charge of the coordination of local regulatory projects, ensuring consistency within our entities.

Each CACEIS entity is responsible for monitoring the local transposition of the new regulation into national law to ensure all specificities have been identified and appropriate action plans are in place, again by the deadlines set out by the local regulators. In addition, we actively share our best practices among CACEIS's various locations so our clients can be sure that our services remain at the cutting edge of the market at all times.

This participation in the various workshops organized by the regulatory bodies and/or associations allows CACEIS to perform an assessment of the impacts of the new regulation on clients and activities involving legal, compliance, products/sales and operational teams.

Support and training is also regularly provided by external regulatory practitioners, specialists in their field or known for a given expertise.

## 7 SYSTEM & TECHNOLOGY



### What are your main systems

Our Private Equity, Real Estate & Infrastructure vehicles are supported within the following systems:

#### **Investor Relationship & Position keeping**

**FrontInvest Alternative** by e-Front is a sophisticated investment management platform, largely used among Real Estate and Private Equity houses and service providers in Europe.

Frontinvest covers the following functionalities:

- Funds Shares distribution,
- Asset valuation,
- Position keeping.

On the liability side, it allows us to monitor the capital structure – being with shares issued or under LP form. The system keeps track of all characteristics and transactions, such as commitment, capital called, distributions, carried interest, etc.

On the asset side, the system flexibility allows tailored parameterisation in relation to investments types managing private equity, real estate, infrastructure, and loans/mezzanine capital as well as for client specific reporting needs. In case of indirect investments we keep record of the full chain of SPVs, including the shareholding links and financing characteristics. FrontInvest Alternative is in a position to generate tailor-made reports that will meet Client's specific needs such as, and non-exhaustively, individual capital accounts, position confirmation, etc.

#### **Custody**

Cash in various currencies, short term investments, hedging transactions or listed securities (or liquid assets) are maintained in our in-house banking Custody System and reported via CACEIS' OLIS online Internet reporting tool.

#### **Accounting and Administration**

We use Sage as our accounting platform which enables:

- Accounting of complex structures (including Luxembourg vehicles such as SICAR, SIF, SOPARFI, SPVs),
- Corporate accounting and first level of consolidation,
- Production of the financial statements according to the relevant year-end closing rules,
- Analytical accounting,
- Complete record of the debt and equity structure of an investment.

Who maintains your IT systems?

E-Front maintains its own system, and our internal staff maintains our own systems.

Describe the measures you have implemented for maintaining data confidentiality and for preventing unauthorized persons to manipulate data

The following policies apply:

- Classification and protection: information is protected according to its classification level (public, internal, confidential). Different procedures define the rules for copying, transmitting, storing, archiving and destroying information at all of the above levels;
- Access and use of information is limited to a "need to know" basis. Access to systems used in the handling of confidential and / or sensitive data is limited and subject to senior approvals;
- User Accountability: each user is responsible for protection of personal passwords, identification and any related authentication;
- Physical access: restricted access to areas where confidential and sensitive data is stored or processed;
- Controls: a permanent team is responsible for periodic controls.
- PC and computing blocks: Use of PC drives that could be used to copy sensitive data (such as USB ports, serial ports, CD drives, etc.) is restricted. Data stored on laptops is encrypted to protect against undesirable access in case of loss or theft.

In addition, all employees are also required to act in conformity with CACEIS' Code of Ethics. This manual describes CACEIS rules with regard to banking & professional secrecy, anti-money laundering and potential conflicts of interest.

Do you outsource any IT functions? If so, how do you ensure confidentiality duty is fulfilled?

CACEIS Group has outsourced its IT Production for all countries to CSC Computer Sciences Luxembourg S.A. ("CSC"), a Professional of the Financial Sector in Luxembourg (PSF). As a professional of the financial sector, CSC has internal control procedure in order to ensure confidentiality.

CSC operates the Bank's IT systems via a contractual agreement and an SLA. CACEIS has the control over all operations / changes made by CSC. CSC is not allowed to make changes to the hardware and infrastructure configurations without formal approval from CACEIS.

If the IT department is internal, how many people work in the IT department?

CACEIS Group IT's division employs 304 FTE located in Germany, France and in Luxembourg and local relays in all our entities.

CACEIS employs a mix of internal and external resources for IT development purposes. 230 internal and 80 external FTE are dedicated to IT development in CACEIS budget plan for 2015.

## 8 DISASTER RECOVERY PLAN & BUSINESS CONTINUITY PLAN



Do you have a formal and documented Business Continuity plan and Disaster Recovery plan in place?

CACEIS has implemented Business Continuity Plans in each location where services are provided. In compliance with all legal requirements as promulgated by local regulators, each plan is designed to support all CACEIS's obligations to clients in the event of a major disruption.

CACEIS's business continuity plans cover:

- data backup and recovery;
- all activity critical systems;
- alternative means of communications with customers, employees, and regulators;
- alternate physical location of employees;
- critical supplier, contractor and counterparty;
- regulatory reporting

Each BCP Plan is maintained in local entities and updated annually or whenever there is a material change to the business.

In Luxembourg, the organisation is the following:

### **Business Continuity Plan**

CACEIS BL contracts for about 450 shared positions with a major player in the area of Business Recovery in Luxembourg, which has PSF status. In the event of a disaster, CACEIS BL is entitled to use the fully equipped Office Space provided by the supplier. The equipment includes: office desks, workstations, phones, printers, copiers and faxes, etc. The supplier has the responsibility to operate and to maintain a fully redundant infrastructure for critical business applications while CACEIS controls the suitability of the deployed architecture with regards to the business needs. The IT equipment is located in two different Data Centres with about 20 km in-between. The Data Centres are connected via two fully redundant fiber connexions (DWDM).

CACEIS BL also uses a fully redundant fiber connexion to interconnect its premises with those Data Centres.

Regular testing and maintenance are mandatory activities to maintain the Plan in an Operational Status.

Minor Plan revisions are initiated on a regular basis (3 to 4 times a year) through the reviews of the Business Impact Analysis operated by the BCM Correspondents. These minor revisions focus on minor changes, such as employee rotation, changes in specific IT requirements, etc. Once a year, a major revision of the Plan is operated. Major changes in the organisation, business and legal requirements change in the core IT applications, etc. are

taken into account. A major revision is also initiated in specific circumstances such as moving or main corporate changes (merger, new partnership, etc.).

### Disaster Recovery Plan

CACEIS Bank Luxembourg has developed a recovery plan for its Data Centre allowing immediate switching of the processing environment from the primary Data Centre to the backup Data Centre. The recovery plan encompasses hardware, application and system software and IT services.

A full backup including applications and data is performed every night.

Each application is divided into 4 levels of criticality at its implementation time, for which a specific backup solution is implemented:

- Level 1: The application cannot be interrupted, so the servers are defined in cluster;
- Level 2: The application can accept a 2-hours break, so the backup solution is a cold restart of the servers;
- Level 3: The application can be interrupted for a day;
- Level 4: Application not critical.

In the event of a system outage, a mirror image of the data, applications and system software for the primary Data Centre used for production purposes can be restored in the backup Data Centre within 4 hours. To ensure that all recovery tasks proceed smoothly, disaster recovery testing is performed on a regular basis. As a result of these tests, any problem is documented for resolution and the disaster recovery plans are updated and distributed to the appropriate individuals.

Is there dedicated staff in place to oversee the BCP function?

Yes.

Do you maintain a back-up recovery site? Is it a dedicated or shared resource?

Yes, we do have two back-up recovery sites, located in Luxembourg.

What is the estimated recovery time?

The estimated recovery time in the event of a disaster is 4 hours.

Has the Business Continuity plan been tested? If so, when was the last test?

Both Business Continuity and Recovery Plans are usually tested twice a year. Last DRP test occurred in September 2015 while the BCP was tested in December 2014.

Next BCP test will be organised in December 2015.

Have you had to invoke your disaster/business recovery plans for any reason in the last 3 years?

We did not invoke our disaster/business recovery plans these last three years.

What are your procedures for backing up data?

The daily back-up data on systems are performed and stored in a different location - offsite.

## 9 FIRM AUDITOR EXTERNAL REVIEW



Name of the Auditor

Ernst & Young.

Have they always been your auditors ? If not, who were your previous auditors ? When did you change and why?

Ernst & Young is CACEIS Bank Luxembourg's external auditor since 2004. Our previous external auditor was PriceWaterhouseCoopers.

Was the report qualified or unqualified?

The report was unqualified.

Have your Private Equity and Real Estate operational processes been reviewed by an independent audit in accordance with International Standard on Assurance Engagements 3402 or another internationally recognised standard?

Yes, they are reviewed every year in the framework of the ISAE 3402 auditing and ISO certifications. Please refer to the **Appendix 2** for a copy of the ISAE 3402 certification.

If ISAE3402, is it level 1 only or both levels 1 and 2?

CACEIS Bank Luxembourg is subject to Type I audits (since June 2001) and Type II audits (since June 2003) for the year 2014.

Who was the audit firm in charge of the ISAE3402 audit?

Deloitte

## 10 INSURANCE COVERAGE



Do you maintain any insurance policies ? If so, please list the types of insurance and risk covered

Crédit Agricole SA, our main shareholder, provides insurance cover for itself and its subsidiaries. CACEIS optimises its coverage with a direct General Civil Liability insurance policy and maintains several insurance programs to mitigate operational and other types of risks.

These insurance programs consist of internal captive solutions and other external insurance solutions, including:

- A “**Fraud**” insurance policy covering direct financial loss suffered by the insured due to a fraud which includes computer crime,
- A “**Professional Indemnity**” insurance policy covering financial losses arising from any claim made by a Third Party against the Insured due to a professional fault and relating to the insured activities,
- A “**General Liability**” insurance policy covering the financial consequences of the damage the Insured could cause to Third Parties within the frame of its insured activities,
- A “**Damage to Cash and Securities**” insurance policy covering theft risk, loss in case of an act of God, dispossession of any property due to a robbery or robbery attempt, deterioration or destruction of the property of the Insured located within the Insured’s premises or at Third Parties where the Insured is established in order to perform one of their professional activities and/or whom they have a business relationship with.
- A **Director’ and Officer’s liability** covers the professional liability of Directors and Officers in their professional activities within the CACEIS’ scope.

In addition, CACEIS Bank Luxembourg takes out local insurance policies such as Real Estate, Special Interventions and Civil Responsibility.

Have you ever used this insurance?

No.

## 11 OUTSOURCED SERVICES AND ACTIVITIES

Does your organisation outsource any activities/services within any other location of your organisation or third party?

CACEIS maintains a very important local presence and performs directly the core components of the Administration and Custody value chain. This has been driven by our desire to manage long term risks and client service standards as a priority over cost / benefit analysis.

We do however outsource a number of support services, such as IT production or Disaster Recovery, to third parties but only on the condition that we perceive these to be non-core to our client services such as:

- IT systems integration and network management with CSC Computer Sciences,
- IT systems and help desk support with SILCA.
- BCP/DRP with E-Business & Resilience Center,
- Archives management with TeamRelocations,
- Investors reporting with Victor Buck Services.

CACEIS does of course retain full and unencumbered governance over all functions outsourced.

Outsourcing of activities is subject to a legal framework to which CACEIS Bank Luxembourg, as a credit institution, must comply with:

- Directive 2004/39/EC on markets in financial instruments ("MiFID Directive"), transposed into the Luxembourg Law of 13 July 2007,
- The CSSF 12/552 circular on central administration, internal governance and risk management (with effect from July 1st, 2013) also includes these requirements,
- CRBF Regulation 97.02, to which CACEIS BL is subject because it is a subsidiary of a French banking institution.

How do you manage the outsourced activity?

In compliance with the Directive 2004/39/EC relating to markets in financial instruments ("MIFID"), CACEIS has implemented specific provisions in case of outsourcing of essential and important operational functions. These provisions cover:

- The providers' selection process,
- The implementation of a first control level through the appointment of a Relationship Manager in charge of monitoring the day-to-day outsourced activity,
- The implementation of a second control level through performance monitoring performed by CACEIS' compliance department. This usually takes the form of a complete yearly activity review via a questionnaire and an on-site visit. Specific questions are related to their Business Continuity Plan,
- The implementation of a third control level by CACEIS' internal audit department.

The principles are the following:

- The outsourcing project may entail the organisation of ad hoc meetings but shall in any event be submitted for validation to the Risk & Compliance Committee,
- The designation of the Relationship Manager takes into account the nature of the service outsourced and the Manager's function. A privileged professional link between the Relationship Manager and the service provider must be maintained by means of periodic or regular meetings,
- Following a decision validated by the Risk & Compliance Committee, a contract must be signed between the CACEIS entity concerned and the service provider. This contract shall include the mandatory clauses,
- The Relationship Manager is responsible for keeping an up-to-date service provider file,
- The Relationship Manager is responsible for identifying the risks involved in outsourcing the service. He or she shall therefore ensure that the service provider complies strictly with the principles laid down on initiating the relationship, both in terms of quality and security and in terms of the means of providing the service(s) outsourced. Such monitoring is achieved by annually updating the service provider file, monitoring reporting and ensuring regular supervision of the service provider's commitments,
- CACEIS must be authorised by the service provider to carry out visits/audits in the latter's premises (at least once per calendar year).

For control purposes, the documents relating to supervision of the commitments made by the service provider (annual questionnaire, visit report, control and quality indicators) must be sent to CACEIS's Compliance Department. The latter is authorised to monitor the implementation of measures taken in the context of incidents/anomalies declared and may be required to specify, where applicable, the measures to be taken during ad hoc committee meetings.

How do you notify your clients of decisions to outsource services? Are they involved in the selection process?

Were we to consider the need to outsource or offshore any core client service at any stage – knowing that CACEIS Group is not keen by nature to outsource such core activities to third party providers – we would notify our clients of our considerations and any subsequent decision. We would expect a change in our operating model to constitute a change in contractual terms between us and our clients and, as such, we expect an in-depth discussion with our clients to understand and agree to the change in operating model and any required change in terms.

