

**FLUMEN ADVISORS LLP**  
**INVESTMENT MANAGER OF FLUMEN INVESTMENT TRUST AND ITS SCHEME**  
Flat No. B-1001, 10th Floor, Peninsula Heights Apartments, 7th Main, JP Nagar, 2nd Phase, JP Nagar Police Station,  
Bangalore South, Bangalore – 560078, Karnataka

## CONFLICT OF INTEREST POLICY

**FLUMEN INVESTMENT TRUST**  
**SEBI Registration Number:** IN/AIF2/25-26/1936  
**Date of Adoption:** 29th Oct 2025

**Partners of FLUMEN ADVISORS LLP:**  
Pankaj Chhapparwal, Manish Lalwani

<b>Version</b>	<b>Owner of this Manual</b>	<b>Approved by</b>	<b>Approval date</b>
1.0	FLUMEN ADVISORS LLP (Investment Manager)	Pankaj Chhapparwal, Manish Lalwani	29th Oct 2025

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**Terms and Definitions**

<b>Term</b>	<b>Definition</b>
Affiliate	means in relation to any Person, any entity that controls, is controlled by, or is under common control with such Person, either directly or indirectly. For the purposes of this definition, “control” of a Person means the power, either directly or indirectly, (i) to nominate for appointment the majority of the directors on the board of directors (or an analogous governing body in case the Person is not a company) of that Person; or (ii) to direct or cause the direction of the management and policies, or investment decisions (by contract or otherwise), of such Person.
COI Policy or Policy	means this policy on Conflict of Interest defined by the Manager.
Compliance	means adhering to the requirements of laws, industry, and organisational standards/regulations.
Compliance Officer (CO)	means the officer responsible for ensuring compliance to this Policy and has the roles and responsibilities as defined in this policy.
Conflict of Interest (COI)	means a situation that arises when a person has conflicting interest in different capacities, where his/her personal interest may influence the judgment, decision-making or actions while performing his/her fiduciary responsibilities or duties.
Conflicted Person	means Interested Party in a Conflicted
Transaction. Fund	means Investment Manager (IM) or Sponsor

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### 1 Introduction and Purpose

Conflict of Interest (COI) is a situation that arises when a person has conflicting interest in different capacities, where his/her personal interest may influence the judgment, decision-making or actions while performing his/her fiduciary responsibilities or duties. COI can be financial or non-financial, such as related to status, relationship, or reputation, where the person is somehow associated with two or more individuals or groups or organizations, whose interests or needs are at odds with each other. With respect to this policy, COI arises when what is in the best interest of an Interested Party conflicts with what is in the best interest of the Investors in the Fund.

The Manager recognizes that Interested Parties may engage into legitimate financial, business, social, and other activities outside their partnership, directorship, or jobs at IM.

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### 2 Potential Conflict of Interest Situations

Conflicts of interest may arise in relation to various activities carried out by the Investment Manager or the Interested Parties during the course of managing the services of the Fund. Although it is not possible to foresee and evaluate every possible conflict of interest that may arise; as a rule of thumb, the criteria to identify a COI situation is when an Interested Party (by way of being involved directly or indirectly), in the activities of the Fund,

- / is likely to **make a financial gain or avoid a financial loss** at the expense of the Fund and its Investors
- / has an **incentive (financial or otherwise) to support/ favour**
  - o the interest of a particular related Investor or a group of Investors over that of the Investors in the Fund
  - o the interest of other investor(s) in other fund(s) over the interest of the Investors in the Fund
  - o the interest of another organization or its fund(s) over the interest of the Investors in the Fund
- / has an **interest in a certain outcome of a service or activity** provided to the Fund, that is distinct from the interest of the majority of the Investor's in that outcome.
- / **receives or will receive from a person an inducement** in relation to a service provided to the Fund (in the form of monies, goods, or services), other than the standard / arms-length commission or fee or profit sharing for that service.

The Sponsor, Manager and / or the Trustee in consultation with the Investment Manager will attempt to resolve conflicts in a fair and equitable manner but there can be no assurance that they will resolve all conflicts of interest in a manner that is favourable to the Contributors. By investing in the Fund, the Contributors are deemed to have acknowledged and consented to the existence of actual or apparent, and potential conflicts of interest relating to the Sponsor, the Manager and the Interested Parties, including, without limitation, those described in this policy, and to the operation of the Fund subject to those conflicts. The Investment Committee waives any claim in respect of the existence or resolution of any such conflict of interest.

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### 3 Interested Parties with Potential Conflicts of Interest

Due to the nature of the business/ activities carried out by the Manager and its Affiliates, the Interested Parties will face potential conflict of interest scenarios while performing their fiduciary duties towards the Fund and its investors. Potential Conflicts of Interests may arise between,

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**A) Fund vs. Employees of the Manager:** There will be times when the employees (includes manager/directors/members of the investment committee) have to evaluate or enter into material transactions with companies in which they may have personal relationships or interest. For example,

- / The employees (including the Directors) of the IM may have stake or have close personal relationships with portfolio companies. Such relationships may include the employee (or a closely connected person of the employee) holding a substantial share of ownership or being employed in a senior role in the portfolio company.
- / Select employees may also have access to sensitive information (not publicly available) about the portfolio companies which can be used in their interest and may be in conflict with that of the of the Investors in the Fund.

The Manager's employees involved in the marketing of the Fund are acting for the Manager and not acting as investment, tax, financial, legal, or accounting advisors to potential investors in connection with the offering. The Manager believes that potential investors independently evaluate the offering and make their own investment decisions.

**B) Fund vs. its service providers:** The Manager will engage with third-party vendors for variety of services, and some of those services providers may be persons or entities that are providing similar services to its Affiliates. Such situations may cause conflicts of interest situations. In case if the transaction is not happening at the arm length transaction between the Manager and Sponsor and its Affiliates with the service provider, than with the approval of Investment Committee, the conflict can be resolved.

The Fund investing in the company of any service provide will lead to conflict of interest, and appropriate action and approval is required before investing

**C) Management resources**

There could be times when the interest of the Manager and/or its affiliates would be in conflict with that of the Investors of the Fund.

The Manager may sponsor and advise, a broad range of investment funds, vehicles, and other accounts that make investments in India and overseas which include, but are not limited to, the funds and accounts currently managed by the Manager's associates / affiliate. The Manager may also make investments for its own account, including, for example, through proprietary co-investment vehicles established for Interested Parties or third parties. Conflicts of interest may arise in allocating time, services, or resources among the investment activities of the Fund and the Manager's proprietary activities.

The Manager and its personnel will devote such time as shall be necessary to conduct the business affairs of the Fund in an appropriate manner. However, the Manager will continue to devote the resources necessary to manage and / or establish other funds, and to manage its own investment activities. The Manager is not precluded from conducting activities unrelated to the Fund. The Manager believes that these other activities will not materially interfere with its responsibilities to the Fund.

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**Possible conflict of interest scenarios may arise for,**

- / Re-imbusement of expenses
- / Providing finance to or receiving finance from an affiliate.
- / Buying/selling/leasing an asset from or to an affiliate.
- / Providing services to or receiving services from an affiliate if the transaction is not happening at arms length price .
- / Taking up or releasing an obligation of an affiliate.

**D) Fund vs. its Sponsor and its Affiliates:** The Fund aims to invest primarily in unlisted equity and equity-linked securities of next generation consumer and enterprise services businesses that have achieved commercial stage where consumer adoption and technological development risks have been mitigated.

While Fund and its Sponsor/ Affiliates could co-invest in the Investee Entity by taking their independent decision and the divestment decisions taken by the Fund and the Sponsor / its Affiliate may not be the same. It is not expected that the Sponsor / its Affiliate and the Fund will have the right to drag or tag each other in connection with their respective investment in the Investee Entities and each of the Sponsor / its Affiliate and the Fund will take divestment decisions which are different depending on their respective risk profiles, investment horizons, regulatory and legal and tax imperatives and restrictions and other factors which cannot be foreseen at present.

In case if the transaction is happening at a more favourable term for the Sponsor, Manager or its Affiliates than the Fund, in that case the transaction will be taken to the investment committee for the requisite approval.

During the Term, the Fund may, at the discretion of the Manager, exit from Investments by selling one or all Investments to the Sponsor and / or its Affiliates at a arm length transaction. It is expected that this transfer of Investments to the Sponsor and / or its Affiliates will be done at fair market value. This decision to transfer the Investment to the Sponsor and / or its Affiliates will be taken by the Manager upon consideration of all factors including optimising net returns on the Investments in an efficient manner for the Fund. However, there is no obligation on the Manager to conduct a transparent bid process through professional intermediaries such as a reputed investment banker in respect of the sale of the Investments of the Fund. Other than the exit arrangement as provided in the section “Exit Arrangement” under “Section VII: Principal terms of the Fund” defined in the PPM, there is no obligation on the Sponsor to acquire any Investments from the Fund.

Each Contributor shall waive all claims arising from or in connection with any such conflict or potential conflict between the Sponsor on one hand and the Fund on the other and agrees that the Sponsor shall not be liable to account to or share with the Fund, Manager or any Contributor any profit, income, commission or remuneration made or received or derived from or by reason of such transactions or any connected transactions.

**E) Fund vs. its Investor(s):** The Manager may also offer the co-investment opportunity to Contributors or to anyone else as it may determine, and the Manager shall manage all such Investee Entities. The Manager shall not be required to account or share with the Fund for any fees or other compensation it receives from such activity.

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The Manager may invest and trade for co-investment accounts and may take action with respect to co-investment accounts that differs from action taken with respect to the Fund. These differences may result from several factors, including differences in investment account objectives, volatility and turnover tolerance, the degree to which accounts are fully invested, time horizons, derivative instruments permitted to be used, and underlying positions to be hedged. The possible taking of inconsistent investment positions could result in a situation where the position taken for the Fund is unprofitable while the opposite position taken on behalf of another account managed by the Manager is profitable. However, at the time of such investments, none of the above investments shall be commercially more favourable than the terms on which the Fund invests, if all the other terms and conditions are identical.

- F) Fund vs. other funds of the Manager/ other competing business activities:** The Sponsor, the Manager and their respective associates / subsidiaries / affiliates may form, establish, advise, sponsor, manage or incubate other investment funds and/or other schemes that may have investment strategies similar to the Fund.

If the Sponsor or Manager advises additional investment vehicles other than the Fund, conflicts of interest between the Fund (including the Fund) and such other investment vehicles are possible. The Sponsor or Manager, as the case may be, may give advice and take action with respect to such other investment vehicles that differs from advice given or action taken with respect to the Fund (including the Fund). However, the Manager and Sponsor will attempt to allocate investment opportunities and recommendations to the Fund over a period of time on a fair and equitable basis relative to any other investment funds it manages or advises. In determining the suitability of a particular investment opportunity, the Manager or Sponsor, as the case may be, will attempt to consider all relevant factors, including, among other things, the nature and amount of the investment, the investment objectives, the present composition of the investments, the amount of net assets of the Fund and such other fund, available to make the investment. Based on these factors, the Manager or Sponsor, as the case may be, may make or dispose of an investment for another fund even though it does not make or dispose of the same investment for the Fund.

- G) Proprietary Trades:**

The Investment Manager / Sponsor may carry out proprietary trading activities with the strategy which may be similar or at times different from that of the Fund. The Investment Manager will ensure that no contra trades (opposite trades) are entered into at the same time by the Investment Manager on behalf of the Fund *vis-a-vis* its own proprietary money.

- H) Allocation of Investments:**

The Interested Parties may be subject to conflicts of interest in allocating investment opportunities among the Fund, other funds and clients managed or advised by them and/or towards the proprietary trading done by the Investment Manager. Investment opportunities identified by the Investment Manager may be suitable for the Fund, one or more of the other funds / schemes or clients advised or managed by the Interested Parties or for direct investment by themselves. The Investment Manager will

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/endeavor to resolve any such conflicts in a reasonable manner and in good faith taking into account, amongst other things, the investment objectives and policies of each fund / scheme / client, the remaining un-invested capital of each fund / scheme / client and the level of diversification of each fund / scheme / client. However, there can be no assurance that the Fund will be allocated any particular investment opportunities that are identified by the Investment Manager. Furthermore, the Investment Manager shall have the right, in its discretion, to allocate any investment opportunities to the other funds / schemes / clients or to its own portfolios.

#### I) **Interests of Contributors:**

The Contributors may have conflicting investment, tax and other interests with respect to their investments in the Fund. The conflicting interests of individual Contributors may relate to or arise from, among other things, the nature of certain Portfolio Investments or the structuring, acquisition, or timing of disposition of Portfolio Investments. Consequently, the Investment Manager may have to resolve such conflicts, among individual Contributors, in a manner that the Investment Manager determines is in the best interests of the Fund as a whole, which may result in a more beneficial outcome for certain Contributors as compared to other Contributors. The Investment Manager shall be under no obligation to consider the particular legal, regulatory, tax or other status of, nor to give priority to the interests of any Contributor individually or of any category of Contributors.

J) **Investments in Investee Entities in which Interested Parties have Interests:** The Fund may participate in Investee Entities in which Interested Parties have an existing investment or other interests, which may be on the same terms as the Fund's investment or on different terms. In such cases, there could be a potential conflict between the interests of the Fund and those of the Interested Parties. Without prejudice to the dealing restrictions contained in the paragraph titled "Proprietary Trades", any of the Interested Parties may deal in the securities / products (including handling assignment for Investee Entities / advising-managing any portfolio / fund consisting of such securities/products etc.) which are / may in future be a part of the Fund's Portfolio. The timing / pricing / buy-sell decision under the dealing by such Interested Parties can be different from that of the Fund.

K) **Purchase from and Sale of Investments to Interested Parties:** The Fund may purchase investments from, or sell investments to, the Interested Parties. In such cases, conflicts may arise in determining the price and terms of the sale or purchase as the case may be. The Interested Parties may come into possession of material non-public information and the possession of such information may limit the ability of the Fund to buy or sell a security or otherwise to participate in a potential Portfolio Investment. To mitigate this risk, the Investment Manager shall endeavor to conduct such transaction or arrangements with Interested Parties on fair market value.

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**4 Principles, Policies and Rules for Handling COIs**

The Manager will use the below set of principles, policies, and thumb rules as a guide to handle conflict of interests and may identify and add additional principles or processes from time to time as part of its strategy to mitigate/manage such situations.

- i. **Principle of Proportionality:** The principle of proportionality requires that the assessment of the Conflict-of-Interest situation include the proportion of the impact of the conflict; and any subsequent decision to avoid, mitigate, or allow the conflicted transaction should keep the proportionality principle in consideration. The proportion is evaluated against the benefits of entering into the conflicted transaction, and the IM may allow the conflicted transaction if the associated risks are mitigated and lowered to an acceptable level by applying some conditions before the conflicted transaction is allowed.
- ii. **Principle of Fairness:** The principle of fairness requires similar treatment for relevantly similar situations and different treatment for relevantly different situations. The fairness principle applies in two aspects as below,  
  
Firstly, the Policy applies to all Interested Parties. And, secondly, situations that are similar in all ethically relevant ways be treated similarly, irrespective of who is involved in the situation. For example, the treatment given, or method followed to review a situation arising out of a transaction involving a temporary employee, should be similar to treatment given to the situation arising out of a transaction involving a member of the Investment Committee as long as the situation is relevantly similar. The Interested Party should not influence the mitigation/management process.
- iii. **Transparency and Utmost Good Faith:** The parties undertake to be guided by and adhere to the principles of transparency and utmost good faith.
- iv. **Favourable Terms had there been no conflict:** The Manager will make efforts to see that any transaction involving a potential conflict of interest will be affected on terms that are not less favourable compared to the terms if the potential conflict had not existed.
- v. **On an arm's length basis:** The Investment Manager will take appropriate measures intended to assure that all conflicted transactions shall strictly be done on an arm's length basis.

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**5 Resolution for COI**

All conflicts will first be reported to the Investment Committee. The Investment Committee shall take necessary guidance and inputs from the Investment Manager to resolve any conflicting arrangements. In case of matters involving a conflict of interest in relation to one or more members of the Investment Committee shall be reported to Investment Manager/Trustee Company if (i) it involves a proposed investment by the Fund in an entity in which a member of the Investment Committee has a material economic interest (as reasonably determined by the Investment Committee, excluding such member).

**Review and Maintenance of the Policy**

This Policy is administered by the Investment Manager and is reviewed every year for updates. All changes to this policy require approval from the Investment Manager.