

## Conflicts of Interest Policy

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## 1. Introduction

Funderbeam Markets AS (“Funderbeam”) provides a limited range of investment and ancillary investment services related to fundraising by, and making investments to, mainly early-stage and growth companies. We arrange deals in securities, deal in securities, and safeguard and administer client assets. These services have been structured and provided based on the following principles:

- **neutrality** - Funderbeam facilitates transactions between investors and fundraising companies remaining itself neutral and without taking any proprietary positions in fundraising companies or trades between clients;
- **transparency** – the terms and conditions of each transaction are available on the Platform, including the fees received either by Funderbeam or by any other person related to the transaction or services;
- **no advice or discretion** – Funderbeam does not provide advice regarding the investment opportunities made available on the Platform; neither does Funderbeam make investment decisions on clients' behalf.

Despite the limited number of services provided there are a number of potential situations where interests of different persons involved may result in conflict. We as an authorised firm must prevent conflicts of interest from adversely affecting the interests of our clients. We therefore need to take all appropriate steps to identify and to prevent or manage conflicts of interest between:

- a) ourselves, including our group's managers, employees and tied agents, or any person directly or indirectly linked to us and our clients; or
- b) one of our clients and another that arise in the course of providing services; or
- c) combinations thereof, including those caused by the receipt of inducements from third parties or by our own remuneration and other incentive structures.

In general, the following situations may damage the interests of a client:

- where we or any of our employees or related persons are likely to make a financial gain, or avoid a financial loss, at the expense of a client;
- where we or any of our employees or related persons have an interest in the outcome of a service provided to the client or of a transaction carried

out on behalf of a client, which is distinct from the client's interest in that outcome;

- where we or any of our employees or related persons have a financial or other incentive to favour the interest of another client or group of clients over the interests of a client;
- where we or any of our employees or related persons carry on the same business as the client;
- where we or any of our employees or related persons receive or will receive from a person other than a client an inducement in relation to a service provided to a client, in the form of monetary or non-monetary benefits or services.

The purpose of this Conflicts of Interest Policy ("Policy") is to outline our overall approach towards handling actual or potential conflicts of interest, to describe the main areas where conflicts may arise, and to set out any measures we may take to prevent and/or manage these situations adequately. The Policy is directed mainly to management board members, employees and contractors of Funderbeam Markets AS but also those of other entities belonging to the Funderbeam Group, including those acting as tied agent(s) or participating otherwise in the provision of services (e.g. through outsourcing) ("Employees").

This Policy is an essential part of our corporate culture and we want to treat all our clients fairly irrelevant of their status, e.g. sophistication, wealth, etc. Specific conflicts of interest situations are addressed in policies and procedures adopted for specific services and teams within Funderbeam Group. See Section 3.4.1 for more details. Also, this Policy does not replace our requirement to observe any applicable laws and regulations relating to conflicts of interest situations in those markets in which we operate.

In order to ensure compliance with this Policy and applicable regulations, every Employee is responsible for keeping in mind the above described conflicting situations, and for identifying and escalating potential conflicts of interest so that they may be prevented or appropriately managed and resolved. The failure to identify, escalate and appropriately manage actual or potential conflicts of interest and to comply with this Policy and with relevant regulations may expose us and our Employees to fines, penalties, judgments, damages, and settlements related to regulatory or legal actions and may result in damage to our reputation and a general loss of trust in Funderbeam.

## 2. Conflicts In Our Business

### 2.1 General types of potential conflicts.

Conflicts may arise primarily in situations where Funderbeam and/or its Employees act in the best interests of its clients but could be motivated to put those interests aside for the benefit of Funderbeam, its staff, its other clients or third persons. We have identified the following main areas of potential conflicts related to our business with clients (listed in no particular order):

**2.1.1 Inducements.** We may pay to, or share our fees with, our cooperation partners, who assist us in promoting our services or making introductions, either to potential investors or to potential fundraising companies. Note however, we do not accept fees or nonmonetary benefits from any third party in connection with services provided to clients.

**2.1.2 Personal account transactions.** Our Employees may undertake personal transactions in investments on the platform or in fundraising companies. Please see our Personal Account Dealing Policy and Market Abuse Policy for more information.

**2.1.3 Remuneration.** Certain Employees will be incentivised and measured against KPIs which are linked to success on our Platform and which may also be measured on a country-by-country basis. Most employees will be incentivised towards the success of the business either through participation in share option schemes and/or variable pay (bonuses).

**2.1.4 Acting for multiple clients or on both sides of a transaction.** Funderbeam operates a platform where both investors and fundraising companies can 'meet' and enter into transactions, or place orders.

- **Competing client orders.** Clients may invest in the same syndicates / investee companies, or investment offers may be oversubscribed. Multiple clients may wish to place buy orders matching the same sell order through the Platform. We as the service provider provide services to all our clients (and often act as their agents), including those on the same or opposite side of a transaction.

- **Competing investment offers.** Fundraising companies from the same industry sector or geography may wish to raise funds within the same timeframe, thus competing for the same potential buy side interest. Whilst we believe that competition is good and brings efficiency to the market, we need to be transparent and prevent adverse impacts on either of these clients.

**2.1.5 Gifts and entertainment.** Clients often appreciate good cooperation and we may also want to thank our clients and cooperation partners. We are sometimes invited to participate in industry events, accelerator programmes, conferences, think-tanks, etc. where the organisers may cover certain costs or that involve social events or entertainment programmes (e.g. local sight-seeing tours, dinners). We act modestly and transparently in such situations. Please see our Gifts & Hospitality Policy and our AntiBribery Policy for further information about how we manage this potential conflict.

It is important to note that the examples above are not exhaustive. Employees are reminded that they are required to identify and consider conflicts of interest, and the need to act independently of such conflicts at all times. If in any doubt, Employees must consult with the Compliance Officer for advice. As soon as a conflict has been identified it must be brought to the attention of the team lead in charge of the respective business line and the Compliance Officer. The Compliance Officer will maintain a Conflict of Interest Register which will describe the conflict and any action to be taken to mitigate or resolve the conflict.

## **2.2 Different commercial interests remain.**

It is important to distinguish differences in interests from conflicting interests. The commercial interests of Funderbeam (e.g. looking for higher and reasonable fees) are expected to differ from those of its customers (e.g. expecting services for lower fees). Fundraising companies and their existing shareholders wish to raise funds at a higher valuation whereas investors would prefer to invest at a lower valuation. Also, sellers normally ask for a higher price and buyers are ready to bid at lower levels. Such differences are driven by the economic rationale of the parties concerned and should not be seen as conflicts that need to be prevented.

## 3. How Do We Manage Conflicts Of Interest?

### 3.1 General

We must ensure that any actual or potential conflicts do not adversely affect the interests of our clients. For that purpose, we have established and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, efficiently manage and/or prevent conflicts of interest.

In general, we may use a number of means (which may be used individually or in combination) to manage conflict of interests, including:

- organisational arrangements, systems, controls, policies and procedures designed to prevent the conflict of interest arising or to mitigate the associated risk of damage;
- disclosure designed to inform the affected parties of the conflict of interest and its likely impact on them; and
- avoiding the service, activity or matter giving rise to the conflict of interest where the conflict of interest cannot be prevented or managed effectively using other means.

### 3.2 Employee responsibilities

**3.2.1** Management Board members and Team Leads (Managers) are responsible for overseeing the identification, documentation, escalation and management of all conflicts of interest as they arise within their relevant areas of responsibility at Funderbeam. Managers are required to:

- promote an appropriate culture which emphasises the importance of fair treatment of clients and efficient handling of conflicts of interest;
- be engaged in the implementation of policies, procedures and arrangements for the identification, documentation, escalation, management and ongoing monitoring of conflicts of interest;
- adopt a holistic view to identifying potential and actual conflicts of interest within and across businesses and infrastructure functions and to facilitate

informed judgements with respect to materiality and the manner in which conflicts are handled;

- raise awareness of and promote the adherence of Employees to completing regular training; - declare their own actual or potential conflicting interests ahead of any decisions made by them as Managers individually or collectively by the Management Board, and abstain from decision-making / voting where potential harm to Funderbeam or its clients cannot be avoided;
- seek fully informed consent prior to any subsequent appointment to the Management Board of another company in the same line of business or in any of the companies that have raised funds through the Platform; and
- utilise management information to remain sufficiently up-to-date and informed in connection with the matters listed above.

**3.2.2** We rely on our Employees to identify and manage conflicts of interest in our business efficiently. Employees must therefore:

- comply with this Policy and other applicable policies and procedures relating to the identification, documentation, escalation and management of conflicts of interest;
- act with integrity and fairness in providing the services and handling client matters, including also acting independently and objectively when the circumstances so require. Independence and objectivity mean that in providing services to clients, Employees act independently of any interest which may conflict with the duties owed to different clients or between our firm and our clients;
- not put themselves in situations giving rise to conflicts of interest or the perception of a conflict of interest wherever possible and not allow their personal interest or previous, current or potential future involvement in an activity or endeavour, or their role and responsibilities at Funderbeam, to compromise or otherwise call into question their judgement, ability to act objectively or properly discharge their duties and responsibilities owed to Funderbeam and/or its clients, or otherwise give rise to the risk of reputational damage to Funderbeam, including the risk of the appearance of impropriety around the manner in which business is awarded to or by Funderbeam or of Funderbeam having obtained an improper advantage or treatment;
- immediately inform their Team Lead and the Compliance Officer of the existence and general nature of an actual or potential conflict of interest.



Conflicts are best handled early in the process to avoid harm to client interests and allow finding fair solution for achieving client's best interests;

- immediately disclose conflicts of interest to a board member when participating in decision making and not seek to influence such decisions any further; - not be in a supervisory, subordinate or control relationship (having influence over conditions of employment) with closely related persons including family members or other close persons;
- not misuse information obtained in the course of working at Funderbeam including in connection with dealing in securities; - manage work-related information on a need-to-know basis, respecting information barriers and duties of confidentiality at all times; and
- upon joining Funderbeam and on a periodic basis thereafter, complete all training and attestations required by the Compliance Officer.

### 3.3 Organisational arrangements

**3.3.1** The Funderbeam organisation is lean and there are not many business lines in our operational model. We apply a clear and comprehensive set of internal governance principles which are documented in the Governance and Policies Staff Handbook.

**3.3.2** Funderbeam has established a internal control framework involving the business units, and the compliance function. The compliance function, as an independent control function, is responsible for setting out the respective policies and guidance for efficiently handling conflicts of interest in our business, to train and advise Employees, and also, to exercise oversight of this field;

**3.3.3** With a view to distinguishing functions with potentially conflicting responsibilities or client groups, we have divided the responsibilities and reporting lines in our organisation:

- Sales and Marketing teams (sales-oriented) are separated from Deal Structuring and Operations (transaction-oriented) teams;
- Employees dealing with fundraising clients (sales personnel) is functionally separate from those handling investor side communication (client support function);
- business and control functions act independently of each other and have separate reporting lines to the Management Board;

- primary market function is separated from the secondary market services;
- Teams and Employees of one function/team must not interfere with another team's decision-making.

## **3.4 Systems and Controls**

We have established an internal systems and controls framework to ensure identification, management, prevention and recording of conflicts of interest in our business.

### **3.4.1 Internal Policies and Procedures**

There are several internal policies within Funderbeam that aim to efficiently handle actual and potential conflict situations in Funderbeam services, including the following:

- Anti-bribery and Corruption Policy
- Gifts and Hospitality Policy
- Complaints Handling Policy
- Governance and Policies Staff Handbook
- Information Security Policy
- Best Execution Policy
- Market Abuse Policy
- Personal Account Dealing Policy
- Product Governance Policy
- Remuneration Policy
- Whistleblowing Policy

Certain conflicts of interest situations may be addressed in team-specific procedures and must be followed by the relevant Employees.

### **3.4.2 Information confidentiality and barriers**

We respect the confidentiality of our client information. This concerns both information related to fundraising companies not made public or to clients' instructions to trade in their investments. On the other hand, disclosure is an essential part of capital markets and only transparency paves the way to trustworthy and orderly markets. We therefore expect our clients to act transparently towards ourselves and towards other clients. For the time period where material information is not yet public or a trade indication is in the process

of being transmitted to the Marketplace, we must keep this information confidential. Also, some information needs to remain confidential, such as trade secrets the disclosure of which would harm the competitiveness of a client. In all these situations, we apply the following measures:

- information is made internally available to Employees on a need-to-know basis and/or in accordance with our Information Security Policy and Personal Data Processing Policy<sup>1</sup>. It means that access to such confidential information is restricted to those who have a proper need for the information in order to discharge their responsibilities in a manner consistent with the legitimate interest of clients or Funderbeam;
- we establish information barriers to restrict information flows between different areas of Funderbeam. For example, specific company or syndicate information is accessible only to Employees directly providing services to companies, and not to Employees that provide support to investors based on already public information only;
- project-specific access rights may be established, or certain team members physically separated for situations where sensitive information will be dealt with or there are multiple projects running in parallel and teams need to maintain independence – these will be notified to the Compliance Officer and recorded in the Conflicts of Interest Register as appropriate.

Managers are responsible for choosing and establishing appropriate measures to ensure information confidentiality and limited access.

### **3.4.3 Inducements**

In order to provide better service to our clients we may pay fees or share our own fees with third parties or with certain clients. Such arrangements are made for example with cooperation partners (e.g. accelerator programme operators, angel networks, fund operators) or lead investors for their efforts made and services provided in connection with Funderbeam business in general or with specific transactions.

These arrangements, if used, have the purpose of:

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<sup>1</sup> Funderbeam Markets has determined appropriate user profiles for employees which will be reviewed periodically. The Management Board shall approve these profiles and the assignment of profiles to specific employees. Automated controls shall be in place to ensure data integrity, to properly safeguard client information.

- facilitating introductions to potential fundraising companies with a view to providing them with alternative funding opportunities, and subsequently, providing investors with a wider variety of investment opportunities;
- providing fundraising companies with support in their investment offer or otherwise in their business (e.g. market research, profiling or feedback on their investment case);
- increasing liquidity in the marketplace operated within Funderbeam Group (e.g. market making).

Such inducements can only be provided or received if they:

- do not, by their nature or proceeding from their function, create a conflict of interests between the investment firm and the client;
- are designed to enhance the quality of the service provided to the client (see below);
- do not prevent the investment firm from providing investment services honestly, professionally and in accordance with the best interests of its clients.

Inducements are designed to enhance the quality of the service provided to the client if the provision of relevant service to the client is not biased or distorted as a result of the inducement and if during the period of the receipt or provision of the inducement all of the following conditions are met:

- the inducement is justified by the provision of an additional or higher level service to the relevant client, the additional scope or higher level of which is proportional to the inducements;
- the inducement does not directly benefit Funderbeam Markets, its shareholders or employees without tangible benefit to the relevant client;
- the inducement is justified by the provision of an on-going benefit to the relevant client in relation to an on-going inducement received or provided.

We believe these arrangements serve the purpose of enhancing the quality of our service and bring better results for our clients. We do not pay fees (or enter into any other such arrangements) to induce receivers of such fees or benefits to invest or to provide otherwise better terms for them in any transaction. Also, we do not accept fees or non-monetary benefits from any third party in connection with services provided to clients. This allows us to avoid situations where we

would be, or could be seen as, biased to act for the benefit of such person or any other person related to such inducement.

Any such fee or non-monetary benefit shall be notified to and agreed with a relevant director and the Compliance Officer ahead of committing to such an arrangement. The Compliance Officer is responsible for:

- recording the details of each such inducement and keeping a list of all such inducements;
- documenting information on how the provided, received or intended fees or benefits enhance our services and what steps were taken to ensure that our duty to act fairly, honestly and professionally, and in accordance with the best interests of a client, was not impaired.

Such records shall be kept as part of the general Conflicts Register (see section 5.1 below).

Funderbeam discloses to clients the details of any such arrangements which could be a potential conflict of interest.

## **3.5 Disclosure**

**3.5.1** It is our policy to disclose all material interest or conflicts of interest to a client whether generally or in relation to a specific transaction, before we deal on behalf of or for a client. We disclose these situations in addition to any other measures taken to efficiently handle the conflict.

**3.5.2** Funderbeam shall disclose in a manner that is understandable, correct, accurate and complete the existence, nature and exact amount of a monetary or non-monetary inducement provided or received concerning any inducement (subject to 3.5.3 below) provided or received in connection with the provision of investment service or ancillary service.

**3.5.3** Minor non-monetary inducements provided or received in connection with the provision of an investment service or ancillary service may be described in a generic way and other nonmonetary inducements are priced and disclosed separately.

**3.5.4** If other measures are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, then we will

specifically disclose the details of the actual or potential conflict to the relevant clients(s), including the following:

- a specific description of the conflicts of interest that (may) arise;
- the nature and source of the (potential) conflicts of interest;
- the risks to a client that may arise as a result of the conflicts of interest; and
- the steps undertaken to mitigate these risks.

The disclosure must be made in sufficient detail and in a manner to enable the client to take an informed decision with respect to the service in the context of which the conflicts of interest arise.

**3.5.5** At all times we must be able to demonstrate that we have taken reasonable steps to ensure that the client does not object to the material interest or conflict of interest and this, where appropriate, should be evidenced in writing. Where we rely on disclosure it is important that the disclosures are documented (initial disclosure may be oral but should always be followed up in writing).

## 3.6 Declining to Act

If we determine that we or our Employee(s) are unable to manage a conflict of interest situation and where the interests of a client will be adversely affected, we may decline to act on behalf of a client or a potential client. The decision to do so must be made by the relevant Manager in consultation with the Compliance Officer.

## 4. Breach Of Policy

Compliance with this Policy is very important in order to meet regulatory expectations within the financial sector as well as our own standards and values, which include fairness and transparency. This Policy is therefore an integral part of our culture, and we want Employees to be able to recognise potential conflicts of interest scenarios and appropriately handle these without harming the interests of our clients.

**Failure to comply with this Policy and associated policies outlined above will result in disciplinary action up to and including dismissal.** In addition,

non-compliance may run the risk of fines, penalties, judgments, damages, and settlements related to regulatory or legal actions against the company and individuals.

In addition, Funderbeam has the right to impose sanctions on its tied agents and outsourcing partners in accordance with the respective service agreements.

## **5. Record Keeping, Monitoring And Reporting**

**5.1** The Compliance Officer maintains the Conflicts of Interest Register for all conflicts which have been identified/disclosed/escalated internally and where the following information is recorded:

- Date notified
- Funderbeam employee concerned
- Description of conflict
- Actions taken or to be taken

**5.2** The Compliance Officer monitors activities related to the Platform in accordance with the Compliance Monitoring Plan to ensure compliance with this Policy. In particular:

- Reviewing service agreements and fee arrangements with fundraising companies and lead investors (with the focus on fee sharing, etc.)
- Reviewing disclosure documents on any fee arrangements - Monitoring holdings and transactions by staff members and comparing them with any material decisions made as part of service provision
- Reviewing investment offers involving companies from the same or similar industries or having otherwise conflicting interests (including how the potential conflicts were identified and handled)
- Ensuring the avoidance of situations with potential conflicts of interest, or the separation of teams for handling the relevant conflicts (e.g. matters involving interests of both fundraising companies and investors)

**5.3** The Compliance Officer shall report to the Management Board of Funderbeam Markets AS quarterly any reported conflicts of interest situations during the period including actions taken or to be taken to handle these.

**5.4** The Compliance Officer is responsible for regular training and also for ad hoc sessions on raising and maintaining staff awareness of this Policy and both pro-

and re-actively highlighting actual and potential conflict situations within the organisation.

**5.5** The Compliance Officer is responsible for reviewing this Policy at least annually and for suggesting relevant amendments or other measures to ensure effectiveness in implementing the Policy