



# Conflict of interest policy

CNI advisory AB

Execution Version 2019-11-30

Approved by: The board of directors in November 2019



## 1. General dispositions

CNI advisory AB (hereafter “the manager”) manages and has established CNI Nordic 6 AB (hereafter “the fund”) for the purpose of making investments in-line with its investment policy. As an alternative investment fund, the fund, pursuant to the Alternative Investment Fund Manager Directive (2011/61/EU)(“AIFMD”) and the Swedish Act Lag (2013:561) om förvaltare av alternativa investeringsfonder (“AIFM Act”), is registered with the Swedish Financial Supervisory Authority. Under the European Venture Capital Funds Regulation (EU 345/2013) (EuVECA) and in accordance with the legal and regulatory requirements under the Commission Delegated Regulation (EU 2019/820) – Supplementing Regulation (EU 345/2013), the manager has set out the following conflict of interest policy.

## 2. Applicable regulations

- European Venture Capital Funds Regulation (EU 345/2013) (EuVECA)
- Commission Delegated Regulation (EU 2019/820) – Supplementing Regulation (EU 345/2013)
- Alternative Investment Fund Manager Directive (2011/61/EU) (“AIFMD”)
- Swedish Act Lag (2013:561) om förvaltare av alternativa investeringsfonder (“AIFM Act”)

## 3. Purpose of the policy

In all its activities the manager shall act in the best interests of all persons who directly or indirectly conduct business with the manager, its investors, employees and any other stakeholders. The manager shall act honestly, fairly, professionally and protect them from any damage due to conflicts of interest. This conflict of interest policy sets forth organisational and administrative procedures to identify, prevent, manage, monitor and disclose conflicts of interest. The manager’s overall approach in identifying and managing conflicts of interest shall be:

- (i) identifying circumstances or potential circumstances which may give rise to conflicts of interest;
- (ii) establishing mechanisms and systems to manage those conflicts; and
- (iii) maintaining and monitoring such systems in order to prevent damage to the interests of the fund.

### 3.1 Identification

A conflict of interest is a situation whereby different parties have conflicting interests with each other. The manager takes all reasonable steps to identify conflicts of interest that arise, in the course of managing the fund, between but not limited to the following:

- (i) the managers of the fund, including persons effectively conducting the business of the fund, its employees or any person directly or indirectly linked to the manager by control and the fund managed by those managers or the investors therein;
- (ii) a fund or the investors therein, and another fund managed by the same managers or investors therein;
- (iii) a fund or the investors therein, and a collective investment undertaking managed by the same managers or investors therein;
- (iv) two clients of the manager.



### 3.1.1 List of situations involving a conflict of interest

Potential circumstances involving a conflict of interest may include, but are not limited to, a situation whereby the manager, one of its employees or a person directly or indirectly linked by control to the manager:

- a) is likely to make a financial gain, or avoid a financial loss at the expense of the fund or its investors;
- b) has an interest in the outcome of a service/activity provided to the fund or its investors, which is distinct from the fund's interest in that outcome;
- c) has an interest in the outcome of a transaction carried out on behalf of the fund or its investors, which is distinct from the fund's interest in that outcome;
- d) has a financial or other incentive, to favour the interest of another investor, or group of investors over the interest of the fund, or another investor or investors in that fund;
- e) carries on the same activities for the fund and for another client or clients;
- f) receives or will receive from a person other than the fund an inducement in relation to the management activities provided to the fund, in the form of monies, goods or services, except the standard commission or the fee for that service;
- g) influences and has a personal interest in influencing the development of the portfolio undertaking of the fund to the disadvantage of the fund or its investors at the expense of the achievement of the objectives of the fund.

In order to help identifying conflicts of interest a list of situations deemed to give rise to conflicts of interest can be found in *Annex I - List of potential situations involving a conflict of interest*.

## 3.2 Prevention

When the manager identifies an actual or potential conflict of interest, the manager must assess and manage the conflict of interest to prevent any adverse effects. A materiality assessment shall be carried out and appropriate mitigating measures shall be actioned if necessary.

### 3.2.1 Controls and internal procedures

The manager has put the following controls and internal procedures in place:

- (i) effective procedures to prevent or control *the exchange of information* between relevant persons engaged in collective portfolio management activities involving a risk of a conflict of interest where the exchange of information may harm the interest of one or more clients;
- (ii) the *separate supervision of persons* whose principal functions involve carrying out collective portfolio management activities on behalf of, or providing services to, clients or to investors whose interests may conflict, or who otherwise represent different interests that may conflict with the interest of one or more clients;
- (iii) the *removal of any direct link between the remuneration* of persons principally engaged in one activity and the remuneration of, or revenues generated by, different persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;
- (iv) measures to *prevent or limit any person from exercising* inappropriate influence over the way in which a relevant person carries out services;
- (v) measures to *prevent or control the simultaneous or sequential involvement* of a relevant person in separate collective portfolio management activities where such involvement may impair the proper management of conflicts of interest.



### 3.2.2 Execution of voting rights to prevent conflicts of interest

The employees of the manager shall develop in writing adequate and effective strategies for determining when and how to exercise voting rights held in the fund portfolio for the benefit of both the fund and its investors. Therefore, the manager shall:

- (i) monitor relevant corporate actions;
- (ii) ensure that voting rights are in accordance with the investment objectives and policies of the fund;
- (iii) prevent and manage any conflict of interest arising from the exercise of those voting rights.

Upon request the manager shall provide its investors with a summary description of the strategies and details of the actions taken.

### 3.3 Management

One or more of the following strategies may be appropriate to manage the conflict of interest:

- (i) not taking part in discussions of certain matters;
- (ii) not taking part in decisions in relation to certain matters;
- (iii) referring to others in certain matters for decision;
- (iv) resolving not to act as/on behalf of a particular person;
- (v) divesting or placing in trust certain financial interests;
- (vi) standing aside from any involvement in a particular project;
- (vii) disclosing an interest.

#### 3.3.1 Escalation of conflict of interest

When an employee of the manager identifies a potential conflict of interest the following steps shall be taken:

- (i) informing the board of directors of the manager about the risk of damage to the interests of the fund or its investors;
- (ii) take any decision or action to ensure that they act in the best interest of the fund and its investors.

#### 3.3.2 Training of employees

The manager shall ensure that all its employees have sufficient skill and awareness of what constitutes a conflict of interest and what measures are required to be taken when a conflict of interest has been identified.

### 3.4 Monitoring

The manager maintains and regularly updates the record of the types of situations which may give rise to a conflict of interest (*Annex I - List of potential situations involving a conflict of interest*), as well as documents any incurrent conflicts of interest in the *conflict of interest register*. Therefore, the manager shall ensure that:

- (i) on a yearly basis, procedures are reviewed in order to assess whether they are up-to-date and effective;
- (ii) on a regular basis, any conflicts of interest are identified and reviewed. The manager checks if there are conflicts of interest with any service providers, existing clients as well as any new business relationships that the manager intends to enter;



(iii) at the board meetings of the manager, any essential conflicts of interest shall be reviewed, identified and disclosed.

### 3.5 Documentation and disclosure of conflicts of interest

Employees of the manager should, fill out and keep updated a single conflicts of interest document (*Annex II – Conflict of interest template*) for each conflict of interest they identified. All employees of the manager should directly report conflicts of interest to the board of directors of the manager, by using the conflict of interest template.

When a conflict of interest is identified and cannot be dealt with or addressed, within the normal procedures, the formal escalation procedure applies. The employees of the manager will record the conflict and consider possible solutions.

All conflicts as well as potential conflicts of interest are fully disclosed in *Annex 1 - List of potential situations involving a conflict of interest*. In addition, the manager maintains a *Conflict of interest register*, which records all effective conflicts reported to, or identified by the manager. Upon request the manager provides its investors with the conflict of interest register. The list and register are maintained by the employees of the manager and are amended whenever a conflict is identified or whenever it is required. The disclosure in *Annex 1 - List of potential situations involving a conflict of interest* shall be sufficiently broad to cover any type of conflict of interest that may arise. It shall facilitate the identification of a conflict of interest in context of the interest depending on role, interests and incentives, to enable the investor of the fund or a contracting third party, to make an informed decision. Therefore, before undertaking business on their behalf, the manager has developed appropriate policies and procedures, with all parties consenting thereto.

## 4. Review of the conflict of interest policy

The conflict of interest policy and the procedures in place are reviewed on a yearly basis by the manager. Should the manager find that the aforementioned procedures of this policy are insufficient, it will take all necessary steps, to ensure that it acts in the best interests of the fund and its investors. The manager will update this document and keep it accessible on <http://www.cninordic.com>. Where no update is required, this policy will be applied consistently over time.

Attachments to this policy:

Annex 1 - List of potential situations involving a conflict of interest

Annex 2 - Conflict of interest template

Last update: November 2019



Annex I - List of potential situations involving a conflict of interest	
<b>Circumstances involving a potential conflict of interest whereby the manager, one of its employees, or a person directly or indirectly linked by control to the manager:</b>	<b>Examples of potential conflicts of interest:</b>
a) is likely to make a financial gain, or avoid a financial loss at the expense of the fund or its investors	<ul style="list-style-type: none"> <li>▪ The manager acts as investment manager for another client with interests in the same investments in which the manager exercises transactions on behalf of the fund.</li> <li>▪ The manager, one of its employees or a person directly or indirectly linked by control to the manager, misuses information for their own advantage.</li> <li>▪ The manager uses the timing of a transaction at its own interest to generate higher fees or for a larger asset base.</li> <li>▪ During the raising of funds the manager tries to increase the management fees, because those are linked to the volume of the fund.</li> </ul>
b) has an interest in the outcome of a service/activity provided to the fund or its investors, which is distinct from the fund's interest in that outcome	<ul style="list-style-type: none"> <li>▪ The manager, one of its employees or a person directly or indirectly linked by control to the manager, has interest in investments in which the manager is involved: due to other mandates of the manager; or due to outside business activities.</li> <li>▪ Whilst raising funds for one fund the manager, at the same time, raises funds for another fund.</li> <li>▪ The manager uses/ influences the valuation method for the amount of management or performance fees in its own interest.</li> </ul>
c) has an interest in the outcome of a transaction carried out on behalf of the fund or its investors, which is distinct from the fund's interest in that outcome	<ul style="list-style-type: none"> <li>▪ A disparity of performance fees for different funds that the manager manages, can incentivise an outcome which is not in the interest of the fund and its investors.</li> <li>▪ The unequal allocation of transaction expenses between the fund and any other co-investor can lead to a disadvantage of the fund and its investors.</li> <li>▪ The manager, one of its employees or a person directly or indirectly linked by control to the manager, has the opportunity to co-invest in one of the portfolio companies at different/better terms than the fund and its investors.</li> </ul>
d) has a financial or other incentive, to favour the interest of another investor, or group of investors over the interest of the fund, or another investor or investors in that fund	<ul style="list-style-type: none"> <li>▪ Remuneration or performance related fees can lead to favour interests other than those of the fund and its investors.</li> </ul>
e) carries on the same activities for the fund and for another client or clients	<ul style="list-style-type: none"> <li>▪ Where an employee of the manager is a director or other officer of a similar business or portfolio company, the interests of the fund or its investors can suffer.</li> </ul>
f) receives or will receive from a person other than the fund an inducement in relation to the collective portfolio management activities provided to the fund, in the form of monies, goods or services, except the standard commission or the fee for that service	<ul style="list-style-type: none"> <li>▪ Wrong incentives are given where the manager, one of its employees or a person directly or indirectly linked by control to the manager accepts inducements, gifts or any kind of entertainment in relation to the fund.</li> <li>▪ Services are not offered at a standard commission or fee.</li> </ul>
g) influences and has a personal interest in influencing the development of the portfolio undertaking of the fund to the disadvantage of the fund or its investors at the expense of the achievement of the objectives of the fund	<ul style="list-style-type: none"> <li>▪ The fund invests in assets to which the manager, its directors, employees, affiliates or family members are an outsourced investment manager; in which they are shareholders; or in which they have any other form of economic interest.</li> <li>▪ The manager ineffectively misuses the voting rights, given in the course of managing the fund, in its own interest.</li> </ul>



Annex II – Conflict of interest template

CNI advisory AB - fund entity (e.g. CNI Nordic 6 AB)

<b>During which business activity was the conflict of interest identified?</b>	<b>Description of the situation the conflict of interest was identified:</b>	<b>How could the conflict of interest be managed and prevented (e.g. key controls)?</b>
<i>e.g. fund raising, investment decision, investment management</i>	<i>The conflict of interest was identified between X and Z, in the course of ... etc. which results in ... etc.</i>	<i>The manager shall do the following in order to handle the conflict of interest. With the following measures, a similar situation as just identified, will be managed and prevented.</i>

Date: