

SWANLAAB REMUNERATION AND CONFLICTS OF INTEREST POLICY

SWANLAAB VENTURE FACTORY, S.G.E.I.C., S.A.

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Contents

Introduction	4
1. Background and Applicable Law	4
2. Definitions	4
3. Remuneration Policy	5
3.1. General Principles	5
3.2. Identified Staff and Remuneration	5
3.3. Supervision of the Remuneration Policy.....	6
4. Conflicts of Interest Policy	6
4.1. Definition of a Conflict of Interest	6
4.2. Procedures to Manage and Monitor Conflicts of Interest.....	7
4.3. Identification of Possible Conflicts of Interest and Mitigation Measures	7
4.4. Disclosure of Conflicts of Interest.....	9
4.5. Supervision of the Policy.....	9
5. Disclosure	9

Introduction

Swanlaab Venture Factory, S.G.E.I.C., S.A. (hereinafter "the Management Company") is a Spanish company registered in the *Registro de sociedades gestoras de entidades de inversión de tipo cerrado* of the CNMV with number 100 and registered offices in Madrid, Arbea Campus Business, building 2, 1st floor, 28108, Alcobendas.

In compliance with the requirements introduced by the Spanish Law "Ley 22/2014, de 12 de Noviembre" and being aware of the importance of prudent and efficient risk management, the Management Company has established remuneration and conflicts of interest policies, which comply with the above-mentioned law.

1. Background and Applicable Law

On November 13th 2014, the Spanish Law "Ley 22/2014, de 12 de Noviembre", by which are regulated private equity and venture capital funds and similar investment vehicles, was published in the BOE and thus entered into force. This law incorporates into the Spanish law the Directive 2011/61/EU of June 8th, 2011, on alternative investment fund managers (AIFMD, hereinafter).

Under the new regulatory framework, Fund Managers are required to establish and implement a remuneration and conflict of interest policies.

The applicable regulation is mainly composed, if not exclusively, of the following:

- Directive (UE) 61/2011 of the Commission, of 8th of June 2011, related on alternative investment fund managers;
- Delegated Regulation (UE) 231/2013 of the Commission, of 19th of December 2012, by which the Directive 2011/61/EU is complemented;
- Delegated Regulation (UE) 604/2014 of the Commission, of 4th of March 2014, by which the Directive 2011/36/EU is complemented;
- "Guidelines on sound remuneration policies under the AIFMD" published by ESMA;
- The Spanish Law "Ley 35/2003, de 4 de noviembre, de Instituciones de Inversión Colectiva"; and,
- The Spanish Law "Ley 22/2014, de 12 de noviembre, por la que se regulan las entidades de capital-riesgo, otras entidades de inversión colectiva de tipo cerrado y las gestoras de entidades de inversión colectiva de tipo cerrado".

2. Definitions

For the purposes of this document, the following definitions are set up:

- "Vehicle" means any investment vehicle managed by the Management Company;
- "Company" means any corporation or business a Vehicle is invested in;

- "Management Company": Swanlaab Venture Factory, S.G.E.I.C., S.A.; and,
- "Relevant Person" means any member of the management or analysis team, employees, directors or Partners of the Management Company.

3. Remuneration Policy

3.1. General Principles

Prudent and efficient risk management: the remuneration policy will be in line with sound and efficient risk management practices and will not create any incentives to take risks, which are incompatible with the risk profile of the Vehicles managed by the Management Company.

Transparency: the guidelines on the remuneration of the identified staff will be internally and externally disclosed. In this sense, these policies will be available on the website of the Management Company.

Alignment with long-term interests: the remuneration policy will be compatible with the Management Company's long-term strategy, objectives, values and long-term interests. Additionally, internal policies will be established to mitigate and avoid potential conflicts of interest.

3.2. Identified Staff and Remuneration

In this section, the remuneration policy for the identified staff within the Management Company is described:

Board of Directors

As provided by the Bylaws of the Management Company, the directors' position is free, except the Chief Executive Officer, who receives remuneration.

Nonetheless, a director can be an employee of the Management Company and thus receives a fixed remuneration according to the corresponding labor contract.

Employees

For the purposes of this policy, employees who intervene directly or indirectly in the decision-making process of any investment are considered as *identified staff*.

These employees who are part of the identified staff receive only a fixed remuneration as established in the corresponding labor contracts, which is set-up based on:

- Professional category;
- Degree of responsibility;
- Functions performed;
- Objective fulfillment; and,

- Level of commitment.

The Board of Directors establishes discretionally the remuneration policy for the Management Company.

Fixed remuneration does not include remuneration in kind or pension plans.

3.3. Supervision of the Remuneration Policy

Both internal and external controls are established to monitor and supervise the remuneration policy of the Management Company.

Internally, the Board of Directors will annually review the remuneration policy, in order to verify compliance with the remuneration policies and procedures adopted by the *Supervisory Committee*. Moreover, the Board may recommend amendments or updates. In addition, the Board of Directors proposes the annual remuneration of the Chief Executive Officer, which has to be approved by the General Shareholders' Meeting.

The Compliance Unit of the Management Company will verify the existence and correct implementation of the remuneration policy and the Risk Management Unit will evaluate the impact of the remuneration policy on the risk profile of the Management Company and its Vehicles.

Externally, the remuneration policy is subject to the supervision of the CNMV.

4. Conflicts of Interest Policy

The Management Company recognizes that conflicts of interest may arise when carrying out its activities. The present policies aim to:

- identify the conflicts of interest that may arise; and,
- establish adequate mechanisms to prevent, manage and monitor the conflict of interest.

The objective is to effectively manage the possible conflicts that may arise and to provide clarity and transparency to all parties that could be affected.

The present policy has been designed taking into account the size and complexity of the Management Company.

4.1. Definition of a Conflict of Interest

A conflict of interest occurs whenever the Management Company or a Relevant Person is in any of the following situations:

- They can obtain a financial benefit or avoid a financial loss at the expense of any client, Vehicle or Company.

Swanlaab Remuneration and Conflicts of Interest Policy

- They have an interest in the results of a service provided to the client, Vehicle or the Companies which is not aligned with the client, Vehicle or the Companies interests.
- They have financial or other incentives to favor the interests of one Vehicle, one client or group of clients over the interests of another Vehicle or the interests of one investor over the interests of another investor or group of investors of the same Vehicle.
- They carry out the same activity for a Vehicle and for another Vehicle or client; in particular, if this activity is not regulated by in the Management Company, Offering Documents, Prospectus or any other applicable legal document.
- They receive from any individual or business different from the Management Company or its Vehicles additional incentives in relation to the service provided other than standard commissions or remunerations established in the Management Company Bylaws, Offering Documents, Prospectus and any other applicable document.

For the purposes of the present policy, conflicts that may arise from the business building services provided by International Venture Consultants, S.L. to the Companies are excluded from the definition of Conflict of Interest. Nonetheless, according to the Prospectus of the Vehicle (“Reglamento de Gestión”) of the Vehicles, the Management Company must report annually to the Supervisory Committee on the services provided by International Venture Consultants, S.L. to the Companies, as well as the cost of the services.

4.2. Procedures to Manage and Monitor Conflicts of Interest

In any situation constituting a possible conflict of interest, the Management Company, through the Board of Directors, will act according to the following procedures:

- Identify the conflict of interest that may arise when providing investment services.
- Avoid and mitigate any damage to the affected parties that may arise from the conflict of interest.
- Inform the parties affected by the conflict of interest when it cannot be avoided by the mechanisms and guidelines established in the Internal Code of Conduct (“Reglamento Interno de Conducta) of the Management Company, Prospectus or any other legal applicable document.

4.3. Identification of Possible Conflicts of Interest and Mitigation Measures

In this section, the possible conflicts of interest that the Management Company has identified and the corresponding mitigation measures that have been established are described hereunder.

- **Management of sensitive information flows**

Definition: a Relevant Person has obtained private information on a transaction while carrying out its business activities and uses this private information for its own benefit.

Adopted Measures: the use of privileged information is prohibited as well as its disclosure to third parties in accordance with the Internal Code of Conduct of the Management Company.

- **Investment in a Company in which a Relevant Person has any kind of economic incentive.**

Definition: investment by a Vehicle managed by the Management Company in a Company in which a Relevant Person has private interests and obtains, through the operation, a profit to the detriment of the Vehicle.

Adopted Measures: in the event of a possible conflicts of interest, the Vehicle Supervisory Committee as well as the Board of Directors of the Management Company must analyze and certify that the transaction does not prejudice the interests of the Vehicle and its investors as well as disclose the private interests or economic incentives the Relevant Person obtains from the transaction.

- **Contracting a service by a Company or the Management Company from a provider in which a Relevant Person has any kind of economic incentive.**

Definition: a Company or the Management Company contracts professional services to a provider in which a Relevant Persons has private interests or economic incentives.

Adopted Measures: the Board of Directors of the Management Company must approve and guarantee that such contracting is carried out according to market conditions and is not prejudicial to third parties, as well as disclosing to the shareholders and/or investors of the Vehicle the economic terms of such contract.

- **Short-term management of the Management Company with excessive risk taking.**

Definition: excessive risk-taking by a Relevant Person to benefit from short-term incentives to the detriment of investors' interest.

Adopted Measures: the Management Company's remuneration policy guarantees the sustainable management of the business and avoids the existence of incentives to obtain short-term benefits in detriment of the investors; in particular, the remuneration received by the identified staff¹ is exclusively fixed and is not linked to the results obtained by the Vehicle.

- **Co-investment in a Company.**

Definition: a Relevant Person realizes a co-investment with a Vehicle managed by the Management Company under preferential conditions.

Management measures: Co-investment by a Relevant Person is not authorized.

- **Company Valuation.**

Definition: Excess valuation of the Companies or the Vehicles in the interest of a Relevant Person.

¹ The identified staff is described in section 3.2.

Adopted Measures: In order to guarantee independence of the asset valuation, the Management Company has hired a third-party valuation expert to value the Companies. Likewise, the absence of variable remuneration linked to the evolution of the net asset value mitigates, to a large extent, the possible economic incentive to value assets above their fair value.

4.4. Disclosure of Conflicts of Interest

The Management Company shall keep an updated record with all the necessary information on the conflicts of interest that may have occurred for a minimum period of 5 years.

Specifically, the following information shall be recorded:

- Identification of the parties that have been exposed to the conflict of interest.
- Date on which the conflict of interest took place.
- Detailed description of the conflict of interest as well as the causes that may explain its occurrence.
- Detailed description of the measures that have been taken to manage the conflict of interest.

4.5. Supervision of the Policy

This policy will be reviewed annually. A change may take place in the following situations:

- When the legal or the supervisory framework changes.
- When the Board of Directors or the Compliance Unit considers that the policy can be improved.

5. Disclosure

The Remuneration Policy and the Conflicts of Interest Policy are disclosed in the website of the Management Company (www.swanlaab.com). Additionally, a hard copy of these policies may be obtained upon request to the Management Company at no cost.