

Nester Conflicts Policy

Introduction

Nester Platform Limited (“we”, “us”, “our”) is required to take all appropriate steps to identify and prevent or manage any conflict between our interests and Clients’ interests, or between the interests of one Client and another Client, that might arise in providing the Service (“Conflict”).

Where Conflicts arise we must maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent Conflicts of interest from adversely affecting the interests of Clients. For that purpose, we have a comprehensive conflicts of interest policy, as explained here (“Conflicts Policy”).

We are committed to maintaining the highest of ethical standards and complying fully with our regulatory and legal obligations. Compliance with our Conflicts Policy is a requirement of the employment contract of our managers and employees, and any breach may lead to disciplinary proceedings, up to and including dismissal.

Capitalised terms that are not otherwise defined where they appear have the meaning given to them in the [<Nester Service Terms>](#).

Identification of Potential or Actual Conflicts

For the purpose of identifying the types of actual or potential Conflict in connection with the Service, we have taken into account that a Conflict may arise where we or the Security Trustee and any company we own, including any of our employees, managers or those in a position to control them ("relevant person"), is providing a service to Clients, or engaging in activities on their own account, which may entail a material risk of damage to Clients’ interests. Examples would be where we or any company that we own, or any relevant person:

- could make a financial gain, or avoid a financial loss, at the expense of a Client;
- has an interest in the outcome of a service provided to the Client or of a transaction carried out on behalf of the Client, which is distinct from the Client’s interest in that outcome;
- has a financial or other incentive to favour the interest of one Client, or group of Clients, over the interests of another Client;
- carries on the same business as the Client;
- receives or will receive from a person other than the Client, an inducement in relation to a service provided to the Client, in the form of monies, goods or services, other than the standard commission or fee for that service.

In addition, in formulating our Conflicts Policy and related arrangements we have taken into account that the nature of the Service involves us providing services to both Buyers and Investors in accordance with the Nester Service Terms. In this context, the potential for the following sources of potential Conflict have been identified:

- where individual directors, managers or employees at Nester have an interest in the Buyer or the underlying Property, in which case we would require disclosure of the interest in the Finance Request.

- we might be provided with confidential information by one Buyer that may be useful to another Buyer, in which case we have in place appropriate procedures to manage confidentiality obligations;
- we only charge fees to Buyers, because the UK's tax rules do not enable individual Investors (as opposed to those investing in the course of their business) to deduct from their income the fees charged directly to them. This means that all Investors receive the proceeds of their investments net of fees already paid by the Buyer, while Buyers are not disadvantaged because if Investors were to be charged any fees, they would still need to recover these from the Buyer.
- the nature of the property finance market means that Buyers are usually seeking to raise finance for an opportunity for which there is a potentially a great deal of competition or is otherwise commercially and/or time sensitive. Buyers are therefore typically reluctant to publicise their finance requirements and Due Diligence material via the Service for more than a day or so. This would mean that only one or a few Investors might provide all the funding in response to each Buyer's request and hold those to maturity, thereby removing the intended benefits of offering peer-to-peer finance service, including diversification and liquidity. To balance the commercial interests of Buyers and the opportunity for many Investors to provide funding, when a Buyer posts its Finance Request:
 - we may enable a company with a common parent company, shareholder(s) and/or common director(s) ("**Affiliate**") to make Offers for sufficient Murabaha Contracts to promptly satisfy that Finance Request, but only on the basis that all those Murabaha Contracts are available to be novated to other Investors who make Offers in relation to that Finance Request;
 - neither we nor any Affiliate will have any arrangement to provide finance to potential Buyers other than through the Service.

Where an Affiliate continues to hold an interest in the Murabaha Contract over the life of the investment, it will be treated *pari passu* with all other investors and will rank equally in a default situation.

We may also share payments received or make payments to third parties for introducing Clients to us. We will make appropriate disclosure of such arrangements in the rules applicable to any related promotions or otherwise on request.

Gifts and Entertainment.

Gifts and hospitality can lead to potential Conflicts of interest. Our Conflicts Policy includes strict rules regarding those matters.

Employees

Although rare, a Conflict of interest may arise where an employee has a direct or indirect interest in a transaction. This may include where the employee has a connection with the other party to the transaction or where the employee's family has such a connection – in particular a connection with a Client. A connection may include being a director or having a significant shareholding or being an employee or consultant to any Client. Employees are required to disclose any connection which could, or could be seen to have the effect of compromising the judgement of any employees. Employees are required to notify us of any material interests of this kind that they may have. We would then restrict the ability of that employee to influence any decisions made regarding the

Finance Request and the ongoing management of the Contract. We would further disclose this interest in the Finance Request.

We allow employees to invest in the Murabaha Contracts we offer to the public. To ensure that employees do not cherry pick the best investments or invest such that the ability of the wider Nester community to invest is restricted, we do not allow them to invest in the first 24 hours that the Finance Request goes live on the platform. Any employee who looks to sell their investment on the secondary market must receive written permission from the Compliance Officer, who will ensure that there is no privileged information that the employee or company holds. The Compliance Officer, may at their discretion, prevent any such sale.

Managing Conflicts of Interest and Disclosure.

We shall use all reasonable efforts to manage any Conflict of interest.

If we believe there is still a significant risk of damage to Clients we will consider appropriate disclosure.

We will maintain appropriate policies and procedures as well as training to ensure employees identify circumstances which give rise to a potential Conflict of interest and to enable them to manage such Conflicts.

We will monitor Conflicts which arise.

Further Information

We will review and update this Conflicts Policy as necessary. Questions regarding this policy should be emailed to compliance@nester.com.