

PATRIA

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CONFLICT OF INTEREST POLICY Patria Finance, a.s.

1. Scope and definitions

Patria is required to maintain and operate effective organizational and administrative arrangements, including a conflict of interest policy, with a view to taking all reasonable steps designed to prevent conflicts of interest from adversely affecting the interests of its clients. Since Patria produces and disseminates investment research, Patria is also required to have in place specific arrangements to manage the conflicts of interests that might arise from the production and dissemination of investment research.

As a member of KBC Group, Patria has adopted the KBC Group principles outlining the KBC approach in identifying and managing conflicts of interest on the KBC group level. In addition, Patria has established a proper conflict of interest policy appropriate to the scale and complexity of its own services and activities. Finally various other arrangements are in place within Patria addressing situations in which a conflict of interest might arise such as the rules relating to personal account dealing (which include requirements for dealings to be conducted through an account with Patria and to be preapproved with Patria's compliance department) and the adopted KBC standards on the acceptance of presents by employees.

Unless defined otherwise in the policy, the following words and expressions shall have the following meanings:

Ancillary services	<ul style="list-style-type: none">• Safekeeping and administration of Financial instruments for the account of clients;• Granting credits or loans to an investor to allow him to carry out a transaction in one or more Financial instruments;• Advice to undertakings on capital structure, industrial strategy, mergers, and the purchase of undertakings;• Foreign exchange services where these are connected to the provision of Investment services;• Investment research and financial analysis or other forms of general recommendations relating to transactions in Financial instruments;• Services related to underwriting;• Investment services and activities as well as Ancillary services related to the underlying of derivative contracts.
Control relationship	Control relationship between two or more legal persons or between a natural person and a legal person as defined in national (local) legislation, and based on Article 1 of Directive 83/349/EC on consolidated accounts.
Corporate finance activities	<ul style="list-style-type: none">• Primary and secondary offerings;• Advisory services concerning public offerings of Financial

PATRIA

	<p>instruments;</p> <ul style="list-style-type: none"> • Advisory services concerning mergers and acquisitions; • Advisory services concerning restructurings.
Financial analyst	A Relevant person who produces the substance of Investment research
Financial instrument	Transferable securities (such as shares, (convertible) bonds and real estate certificates), money market instruments, units in collective investment undertakings (UCITS), options, futures, swaps, forward rate agreements and any other derivative contracts.
Inducement	A fee, commission or non-monetary benefit paid or provided to or by a third party or a person acting on behalf of a third party in relation to the provision of an Investment or Ancillary service, with the exception of proper fees which enable or are necessary for the provision of Investment or Ancillary services (such as custody costs, settlement and exchange fees, regulatory levies or legal fees).
Investment recommendations	Information that is intended for the distribution channels or the public, and that is recommending or suggesting an investment strategy, explicitly or implicitly, concerning one or several Financial instruments or the issuers of Financial instruments, including any opinion as to the present or future value or price of such instruments. Investment recommendations can be classified as Investment research or Marketing communication (as defined below). Generic recommendations (e.g. on industries, asset classes, or types of Financial instruments) are not regarded as Investment recommendations.
Investment research	Investment recommendations that are labelled or escribed as Investment research, or are otherwise resented as an objective or independent explanation of the matters contained in the recommendations
Investment services and activities	<ul style="list-style-type: none"> • Reception and transmission of orders in relation to one or more Financial instruments; • Execution of orders on behalf of clients; • Dealing on own account; • Portfolio management; • Investment advice; • Underwriting Financial instruments and/or placing Financial instruments on a firm commitment basis; • Placing of Financial instruments without a firm commitment; • Operation of Multilateral Trading Facilities.
KBC Group	KBC Group NV and its subsidiaries
Marketing communication	Investment recommendations that do not meet the conditions of objectivity and independence and that contain a clear and prominent statement that they have not been prepared in accordance with the legal requirements designed to promote the independence of Investment research.
Patria	Patria Finance, a.s.
Related Financial instrument	A Financial instrument of which the price is closely affected by price movements in another Financial instrument, including a derivative on that other Financial instrument

PATRIA

Relevant person	<ul style="list-style-type: none">• A director, partner or equivalent, manager or tied agent of the Entity;• A director, partner or equivalent, or manager of any tied agent of the Entity;• An employee of the Entity or a tied agent of the Entity, as well as any other natural person whose services are placed at the disposal and under control of the Entity or a tied agent of the Entity and who is involved in the provision by the Entity of Investment services and activities;• A natural person who is directly involved in the provision of services to the Entity or to its tied agent under an outsourcing arrangement for the purpose of the provision by the Entity of Investment services and activities.
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2. Introductory provisions

- 2.1. This policy applies solely to Investment services provided by Patria.
- 2.2. This policy is available on request at Patria registered office or on the website at [<http://www.patria-finance.cz>]. Patria reserves the right to amend or supplement this policy at any time.
- 2.3. This policy is prepared in compliance with European and Czech rules and regulation that apply to Patria, particularly with Directive 2004/39/EC, on markets in financial instruments (“MiFID”).

3. Identification of possible conflicts

- 3.1. Patria has identified potential conflicts of interest entailing a material risk of damage to the interests of one or more clients. These conflicts may arise as a result of the different business activities carried out by Patria, i.e. corporate finance activities, proprietary trading, brokerage and sales activities and the production and dissemination of investment research.
- 3.2. For the purpose of identifying the types of conflicts of interest, Patria takes into account, by way of minimum criteria, the question of whether Patria, or a Relevant person, or a person directly or indirectly linked by Control to Patria:
 - is likely to make a financial gain or to avoid a financial loss, at the expense of the client;
 - has an interest in the outcome of a service provided to the client, which is distinct from the client’s interest in that outcome;
 - has a financial or other incentive to favour the interest of another client or group of clients over the interest of the client;
 - carries on the same business as the client (e.g. this is the case when the client is a competitor of Patria or of KBC Group);
 - receives an Inducement from a person other than the client in relation to a service provided to the client, other than the standard commission or fee for that service.

PATRIA

3.3. For specific examples of conflicts of interest, Patria refers to Annex 1.

4. Procedures and measures for the mitigation of conflicts

4.1. In order to manage potential conflicts of interest various procedures and measures have been adopted including such as the following as were necessary and appropriate for Patria to ensure that relevant persons engaged in these different business activities carry on these activities at an appropriate level of independence.

- Patria has installed Chinese Walls (i.e. physical and electronic barriers) and strictly regulated Wall crossing procedures to prevent or control the exchange of information between Relevant persons engaged in activities involving a risk of conflict of interest where the exchange of that information may harm the interests of one or more clients. E.g. a Chinese Wall surrounds the corporate finance department of Patria and Wall crossing procedures have been installed;
- Although the remuneration of Patria's employees may be partially related to Patria's profitability, there is no direct link between the remuneration of persons principally engaged in one activity and the remuneration of, or revenues generated by, persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;
- Patria has installed separate supervision and reporting lines for Relevant persons engaged in activities involving a risk of conflict of interest;
- Patria has implemented the four-eye principle, meaning that certain services or transactions need to be carried out by at least two persons;
- Patria has implemented measures to prevent or control the simultaneous or sequential involvement of a Relevant person in separate Investment or Ancillary services or activities, where such an involvement may impair the proper management of conflicts of interest.

4.2. In order to manage the conflicts of interests that might arise from the production and dissemination of Investment research specific organizational arrangements are in place and additional rules of conduct are applicable to the financial analysts and other relevant persons involved in the production of investment research.

- The Financial analysts are not supervised by personnel from other business units of Patria whose functions may conflict with those of the Financial analysts;
- The Financial analysts are required to disclose all personal interests relevant to their research functions;
- The Financial analysts are prohibited from performing roles within Patria that could prejudice, or may appear to prejudice, the independence of their research;

PATRIA

- The Financial analysts may not undertake transactions in Financial instruments to which the Investment research relates, or in any Related Financial instrument, if they have specific knowledge (not shared by the market) of the likely timing or content of the Investment research and the research is not available to the public or the clients. This prohibition remains in force as long as the recipients of the Investment research have not had a reasonable opportunity to act on it. It applies to both personal transactions as well as transactions on behalf of any other person;
 - The Financial analysts and other persons involved in the production of Investment research may not undertake personal transactions in Financial instruments to which the Investment research relates, or in any Related Financial instrument, contrary to current recommendations save for stop-loss transactions subject to prior approval granted by the compliance officer;
 - The Financial analysts and other persons involved in the production of Investment research may not promise issuers favourable research coverage;
 - Financial analysts must ensure that other persons do not have the possibility to review a draft of the Investment research before the dissemination, if the draft includes a recommendation or target price. Such a review can only be permitted for verifying compliance with the firm's legal obligations.
- 4.3. Patria shall disclose all circumstances that may harm the objectiveness of the Investment recommendation.

5. Inducements and gifts

- 5.1. Patria has implemented measures to evaluate the acceptability of Inducements. In order to be acceptable, Inducements have to meet two conditions:
- The giving or receipt of the Inducement can not impair compliance with the duty of Patria to act in the best interests of its clients. In no case, Patria can receive or offer benefits that could potentially harm the interests of its clients;
 - The value and relevance for the client must be demonstrated. Therefore, for each Inducement, Patria must verify whether the Inducement is designed to enhance the quality of the service to the client.
- 5.2. If the Inducements do not meet the criteria above, they are prohibited and must be refused. If Patria offers or accepts Inducements (which meet the criteria set above), it must also disclose these Inducements to the client.
- 5.3. Benefits received by an employee of the firm, and not for the account of the firm, do not fall within the scope of Inducements. For the rules on these kinds of benefits, we refer to the existing rules within Patria, based upon the KBC Group Standard on Gifts.

PATRIA

6. Record keeping and periodic reviews

- 6.1. Patria must keep a record of the kinds of Investment or Ancillary services in which a conflict of interest has arisen or – in the case of an ongoing service or activity - may arise, entailing a material risk of damage to the interests of one or more clients.
- 6.2. Patria shall periodically consider whether and how this Conflicts of Interest Policy should be revised or amended to better meet its objectives.

PATRIA

ANNEX 1

Conflict practice/theme	Potential risk	Measures
Remunerations/rewards	Managers focus on revenues of own business to the detriment of clients of other businesses with the organization	Remuneration policy
	Staff given incentives to sell financial instruments which may not be appropriate for their clients	Remuneration policy
	Sell-side analyst compensation is linked to success of corporate finance deal (e.g. underwriting etc.)	Remuneration policy
Suitability	Firm sells complex structured derivative to clients without explaining the risks or understanding the client's needs/sophistication	Suitability
	Firm recommends that a customer frequently buy/sell riskier securities (even when not in the customer's best interest) as such securities generate higher commission	Rules for inducements, Avoiding churning
	Investor advisor has interest in persuading client to invest in a product which is unsuitable in terms of the client's investor objectives	Suitability
Trade aggregation/allocation	Firm aggregation/allocation favours one customer over another	Avoiding inappropriate influence
	Firm aggregates client trade to the disadvantage of the customer	Avoiding inappropriate influence
	Firm allocates trade to itself, or a member of its group, ahead of clients	Avoiding inappropriate influence, remuneration policy
Trade execution	Non-sequential execution of customer trades (allowing one "preferred" customer to trade first)	Avoiding inappropriate influence
	Firm executes trade with own affiliate prior to that of customer	Avoiding inappropriate influence, remuneration policy

PATRIA

	Firm fails to identify/correct trade errors and does not pay/reimburse customer appropriately	Execution
	Firm fails to follow client instructions on a market transaction or delays in making payment in order to increase float.	Market abuse
Undue influence	Underwriters exert undue influence on (in-house) analyst to provide favourable research	Avoiding inappropriate influence, Rules for financial analysts (on favourable coverage)
	Corporate Finance (or similar) has ability to influence outcome of draft research prior to publication	Avoiding inappropriate influence, Rules for financial analysts (on draft review)
	Undue pressure exerted by senior management or clients to change research message in order to support the client's specific interest (for example, in order to protect a client facing a hostile takeover)	Avoiding inappropriate influence
	Sell-side analyst is encouraged to make recommendations which support proprietary trading	Avoiding inappropriate influence, Chinese walls
Unfair pricing	Under-pricing new issue to generate additional sales revenues	Chinese walls
	Over-pricing new issue to generate additional corporate finance fees	Chinese walls
Group ALCO	Using confidential information concerning individual credit files to make investment decisions	Chinese walls, Avoiding inappropriate influence