

CONFLICTS OF INTEREST POLICY

Introduction

Pareto Securities Limited ("Pareto"), as a company that is authorised and regulated by the Financial Conduct Authority, is required to identify and manage conflicts of interest that may arise in its various areas of business to ensure that its customers are treated fairly.

Conflicts of interest may arise between:

- Pareto and a Client;
- Two or more Clients of Pareto in the context of the provision of services by Pareto to those Clients; and
- The personal interests of Pareto's officers and employees and a Client.

For the purposes of this document, Clients include existing Clients of Pareto, potential Clients (where Pareto is seeking to enter into a contractual relationship in respect of business services provided) and past Clients where fiduciary or other duties remain in place.

Business services provided by Pareto include the provision of secondary market sales and trading services, placing shares and securities on behalf of corporate clients, the provision of research and investment advice, and corporate finance and M&A advisory activities.

Examples of Potential Conflicts of Interest

Conflicts of Interest may arise in a number of situations, including the provision of investment research, proprietary investment, corporate finance and personal account dealing.

In identifying potential Conflicts of Interest, Pareto will consider all of the factual circumstances, and in particular will take into account:

- the potential for the firm or an officer or employee of the firm to make a financial gain, or avoid a financial loss, at the expense of a Client;
- whether the firm or an officer or employee of the firm has an interest in the outcome of a service provided to a Client or a transaction carried out on behalf of a Client which is distinct from the Client's interests in that outcome;
- whether the firm or an officer or employee of the firm has a financial or other interest to favour the interests of one Client over that of another Client; and/or
- whether the firm or an officer or employee of the firm 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

Given below are examples of what may be considered typical conflicts of interest that may arise in relation to services provided by Pareto. These examples are not intended to be exhaustive.

- Pareto may engage in business and trading activities for Client accounts whilst other Clients are active in relevant markets at the same time;
- Pareto may act for a corporate Client operating in the same sector as another corporate Client;

Identifying and Managing Conflicts of Interest

It is Pareto's intention that, should a Conflict of Interest arise, it be managed promptly and fairly.

Primary responsibility for identifying and managing conflicts of interest in so far as they are applicable to the business of Pareto rests with the executive management of the firm who are actively involved in day to day operations. Corporate decisions are made by the Board of Directors which consists of directors active in Sales and Corporate Finance who have experience of and an understanding of the types of Conflicts of Interest that may arise in the course of the firm's activities.

In order to be able to identify and manage Conflicts of Interest, Pareto has put in place arrangements designed to ensure that:

- There are effective procedures in place to control the flow of information where, otherwise, the risk of a Conflict of Interest may harm the interests of a Client;
- The Corporate Finance team is segregated from Sales and Research staff by Chinese Walls.
- Engagement letters and other Client agreements are entered into only by the Directors of the firm;
- Adequate records are maintained of the services and activities of the firm where a Conflict of Interest has been identified;
- Officers and employees of the firm are subject to personal account transaction rules;
- There is a periodic review of the firm's systems and controls;
- Research reports issued by the firm are not subject to influence from Sales or Corporate Finance.

In certain circumstances, where a Conflict of Interest has been identified by the firm between the interests of two Corporate Clients, disclosure to an affected Client may be made in order to seek Client consent to act. Disclosure will be made of the general nature and/or source of conflict to enable the Client to make an informed decision.

Confidential Information and Chinese Walls

Pareto respects the confidentiality of information it receives about its Clients. Access to confidential information is restricted to those officers or employees of the firm who have a proper requirement for

the information in the course of carrying out their proper duties and understand the implications for the business and its Clients of being in receipt of confidential information.

Within the firm, the primary responsibility for managing corporate transactions together with the day-to-day relationship with Pareto's corporate Clients rests with the Corporate Finance department, which is physically segregated from Sales and Research by a Chinese Wall.

Provision of Investment Research and Advice

Pareto is of the view that as a result of its operational structure, it cannot present its research within the UK as being "independent research" (FCA policy statement 04/06 – Conflicts of interest in investment research – issued March 2004). In particular, Pareto's Research Department does not set out to provide research coverage on a cross section of companies operating within the sectors that Pareto follows, and the majority of research published by Pareto covers corporate Clients of the firm. In addition, research analysts are not physically segregated from Sales by Chinese Walls.

However, despite this every effort is made to ensure the impartiality of research produced by Pareto. In particular, editorial control over draft research is retained by the analyst, although draft research may be submitted to the subject company and/or other Pareto employees for review of factual accuracy before publication.

Analysts are involved in other activities within Pareto. In particular, analysts are encouraged to assist in the identification of corporate finance business opportunities and the provision of investment ideas to sales staff, and may attend a pitch for a potential corporate Client's business. Analysts may also attend road shows and answer questions on the business of corporate clients.

From time to time, analysts are brought "over the Chinese Wall" in respect of potential or actual corporate finance transactions. In this event, the analyst is prevented from publishing research on the particular company during the period that the transaction is live unless the analyst is required to publish "reactive research" in response to a significant event, important transaction or announcement issued by the company.

Decisions on analysts' recruitment, remuneration and termination are the responsibility of Pareto's Board of Directors. Remuneration may be based on a number of factors including but not limited to the experience of the analyst, productivity, quality and accuracy of research and the firm's overall performance. Analysts' remuneration will not be based on expressing a specific view or recommendation about an issuer, security or industry.

Personal Account Dealings

The personal account dealings of all officers and employees of Pareto are required to be carried out in accordance with the terms of Pareto's Personal Account Dealing Policy. This:

- prohibits personal account dealing taking place in the securities of companies included within Pareto's Restricted List which is updated by the directors on a monthly basis;
- requires that all intended personal dealing must be authorised by one of Pareto's Directors prior to the intended transaction being instructed; and

- requires copies of contract notes are required to be supplied directly to Pareto's Compliance Officer as soon as reasonably possible.

Anti-Bribery & Corruption Policy

Pareto also has established a separate document to set out the firm's policy in relation to bribery and corruption. The policy applies strictly to all employees, directors, agents, consultants, contractors and to any other people or bodies associated with Pareto, within all regions, areas and functions.

This policy is reviewed and updated annually.