

CONFLICTS OF INTEREST MANAGEMENT POLICY

TRADITION FINANCIAL SERVICES ESPAÑA, S.V., S.A.U.

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Overview

Pursuant to Article 208 bis of Royal Legislative Decree 4/2015, of 23 October, approving the Consolidated Text of the Securities Market Law ("**Securities Market Law**"), firms providing investment services and activities must organise themselves and adopt measures to prevent, detect and manage potential conflicts of interest between their clients and the firm itself or its group. Furthermore, Delegated Regulation (EU) 2017/565 establishes the need for investment firms to adopt, implement and maintain an effective conflict of interest management policy, which must be set out in writing and be appropriate to the size and organisation of the firm and the nature, scale and complexity of its business.

In accordance with the provisions of the aforementioned regulations, and in its capacity as an investment services company, the board of directors of Tradition Financial Services España, S.V., S.A.U. (hereinafter, the "**Company**") has agreed to approve this conflict of interest management policy (the "**Policy**").

Definition of conflicts of interest

A conflict of interest is defined as a situation arising in a business relationship where the capacity of a person to make an independent decision or judgment may be influenced or prejudiced by considerations of a personal nature, or considerations emanating from a third party, resulting in the interests of the customer being inappropriately affected.

For the purposes of this Policy, conflicts of interest are those which may arise in the provision of investment or ancillary services, or a combination thereof, the existence of which may prejudice the interests of a client.

In identifying a conflict of interest, consideration should be given, as a minimum criterion, to whether the Company or a "competent person" (as defined in section below), or a person directly or indirectly linked to the Company by a controlling relationship, is in any of the following situations, whether as a result of providing investment or ancillary services, or carrying out investment activities, or otherwise:

- (a) is able to obtain a financial benefit, or avoid a financial loss, at the expense of the customer;
- (b) is in possession of information obtained in the ordinary course of business and such information is not publicly known;

- (c) has an interest in the outcome of a service provided to the customer or of a transaction carried out on behalf of the customer that is distinct from the customer's interest in that outcome;
 - (d) has financial or other incentives to favour the interests of the Company, the Group, another client or group of clients over the interests of the client;
 - (e) engages in the same business as the client;
 - (f) receives or is to receive from a person other than the client an inducement in relation to a service provided to the client, in the form of money, goods or services, other than the usual commission or remuneration for that service.
- (b)
"Competent Persons" are the following:
- (a) The directors, shareholders and employees of the Company.
 - (b) Any other person whose services are placed at the disposal and under the control of the Company and who participates with the Company in the provision of investment services.
 - (c) Other persons who, as a result of an outsourcing contract entered into with the Company, provide services to the Company in order for the Company to provide investment services.

Purpose and scope of the Policy

The purpose is to identify and permanently update situations of actual or potential conflicts of interest and to prevent such situations from arising or, if this is not possible, to ensure that conflicts of interest are properly managed, in accordance with the provisions of the regulations in force, by means of a registration and communication procedure within the organisation.

In particular, the purposes of this Policy are as follows:

- (a) to identify any potential conflicts of interest that could pose a significant risk of harm to the interests of clients;
- (b) to summarise the arrangements made by the Company to prevent or manage such conflicts of interest;
- (c) promote and maintain systems that aim to prevent actual harm to clients' interests through identified conflicts.

The Policy will be shared with all "relevant persons" so that they are aware of it and act accordingly.

Regulatory Framework

In developing this Policy, the Company has taken into account, among others, the following rules that apply to it:

- (a) The Securities Market Law;
- (b) Royal Decree 217/2008, of 15 February, on the legal regime for investment services companies and other entities providing investment services and partially amending the Regulations of Law 35/2003, of 4 November, on Collective Investment Undertakings, approved by Royal Decree 1309/2005, of 4 November ("**Royal Decree 217/2008**");

- (c) Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive ("**Delegated Regulation (EU) 2017/565**"); and
- (d) Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("**Directive 2014/65/EU**").

Arrangements to Prevent or Mitigate Potential Conflicts of Interest

The Company ensures that all employees comply with their professional duties in the exercise of their activities.

The Company and the group to which it belongs (the "Tradition Group") have devised and implemented organizational measures, rules and procedures which have been designed to prevent or mitigate potential conflicts of interest, including including but not limited to the following;

- (a) a Group wide Code of Ethics which reflects the commitment of the Company and the Group to ensure that;
 - (i) the Company's employees comply with a set of standards designed to safeguard all confidential information entrusted to it by its customers in the process of dealing with the Company;
 - (ii) the procedures to be followed by employees in this regard are clearly defined; and
 - (iii) honesty, integrity and fair dealing is maintained at all times.
- (b) identification of areas of potential conflict of interest which might lead to a material risk of damage to a customer's interest;
- (c) where possible, hierarchical separation and establishment of physical barriers, otherwise known as 'Chinese Walls', between the activities likely to involve potential conflicts of interest, thereby aiming to prevent any undue transmission of information confidential to customers;
- (d) identification and control of remuneration received or paid as a consequence of services and/or transactions carried out with customers;
- (e) the removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by different relevant persons principally engaged in another activity, where a potential conflict of interest may arise in relation to those activities;
- (f) establishment of policies providing transparency for gifts or advantages received within a professional situation;
- (g) disclosure of and establishment of restrictions on outside interests or links such as directorships of other companies;
- (h) monitoring of any outsourced activity, within or outside the Group;
- (i) robust Personal Account Dealing policies, procedures and monitoring programmes;

- (j) central data release management processes.

Disclosure and client communications

The Company shall organise itself and take measures to identify and prevent or manage potential conflicts of interest between its clients and the Company itself or its group, including its directors, employees, agents or persons linked to it, directly or indirectly, by a relationship of control; or between the different interests of two or more of its clients, to each of whom the Company has obligations, including potential conflicts of interest caused by the receipt of inducements from third parties or by the Company's own remuneration and other incentive structures.

Where the organisational or administrative measures referred to in paragraph 6.1 above taken to manage the conflict of interest and prevent damage to the interests of its clients are not sufficient to ensure, with reasonable certainty, that risks of damage to the client's interests will be prevented, the Company shall disclose the nature and source of the conflict to the client before acting on the client's behalf, as well as the measures taken to mitigate the risk of damage to the client.

This information shall be provided in a durable medium and in sufficient detail, taking into account the nature of the client, to enable the client to make an informed decision about the service in the context in which the conflict of interest arises. Thus, the communication shall:

- (a) shall clearly state that the organisational and administrative measures put in place by the Company to prevent or manage that conflict are not sufficient to ensure, with reasonable certainty, that risks of harm to the client's interests will be prevented; and
- (b) include a specific description of the conflicts of interest arising in the provision of investment or ancillary services, taking into account the nature of the client to whom the communication is addressed. The description shall explain the general nature and source of the conflicts of interest, as well as the risks arising for the client as a result of those conflicts and the measures taken to mitigate those risks.

Once disclosed, the Company should seek the client's formal consent to proceed independently of such a conflict.

The Company shall ensure that disclosure to clients, as provided for in the preceding paragraphs, is a last resort solution to be used only in cases where the effective organisational and administrative measures put in place by the Company to prevent or manage conflicts of interest are not sufficient to ensure, with reasonable certainty, that the risks of harm to the client's interests are prevented.

Alternatively the Company may decide to decline to act in any circumstance where there is a residual risk of damage to the interests of any customer.

Register of services or activities giving rise to harmful conflicts of interest

The Company shall maintain and regularly update a register of the types of investment or ancillary services or investment activities performed by or on behalf of the Company in which a conflict of interest has arisen that has risked prejudicing the interests of one or more clients or, in the case of an ongoing service or activity, where such a conflict may arise.

This register shall be kept by the Compliance Officer and shall contain the following information available in a clear form together with support documentation:

- (a) Notifications of potential conflict of interest situations received from the heads or directors of the different departments of the Company.

- (b) Situations of potential conflict that have been detected by the Risk Management or Regulatory Compliance departments, or by the Internal Audit function, in the exercise of their functions.
- (c) Investment services or financial instruments that have given rise to the potential conflict.
- (d) Description of the potential conflict of interest situation.
- (e) Date on which the potential conflict of interest arose.
- (f) Resolution of the Regulatory Compliance Officer or, as the case may be, of the body competent to resolve the situation, and measures adopted.
- (g) Persons involved in relation to the potential conflict of interest.

The Board of Directors and senior management shall receive frequently, and at least annually, written reports on the situations referred to in the previous paragraph.

Responsibilities

Compliance is responsible for the preparation and updating of the Policy.

The Board of Directors shall be responsible for approving this Policy as well as any future updates and/or amendments to the Policy that may be necessary.

Non-substantial changes to the Policy may be approved by the Compliance Officer, who must subsequently report to the Board of Directors.

The Compliance department, and in particular the Compliance Officer, will be responsible for verifying compliance with the conflict of interest management procedures developed in this Policy.

To implement this Policy effectively, the Company and its local management will;

- (a) control and monitor all internal rules and procedures aimed at governing the flow of confidential or privileged information;
- (b) control the separation of activities in potentially conflict-provoking situations, as well as the separation of sections in contact with customers (customer facing functions) and sections in charge of the treatment and recording of operations (middle, back office and settlements), irrespective of whether those areas are internal or outsourced;
- (c) control the separation of operational areas acting on behalf of customers and those acting on behalf of the Company, irrespective of whether those areas are internal or outsourced;
- (d) carry out regular reviews of situations likely to generate potential conflicts of interest, including those occurring between entities within the TraditionGroup.

In addition, the Company and its employees shall at all times comply with the additional obligations and requirements set out in Articles 36 et seq. of Delegated Regulation (EU) 2017/565 and applicable to the services the Company provides.

Review of the Policy

The Company shall periodically, at least once a year, review and evaluate the Policy, ensuring that it complies with the applicable regulations, and shall take all appropriate measures to correct any deficiencies. Excessive reliance on disclosure of conflicts of interest in accordance with paragraph 6 shall be considered a deficiency in the Policy.