

Redburn Group Summary of Conflicts of Interest Policy December 2021

1. Introduction

This is the Conflicts of Interest Policy required by the rules of the Financial Conduct Authority and by Article 34 of Commission Delegated Regulation (EU) 2017/565 as regards organisational requirements and operating conditions for investment firms.

Redburn (Europe) Limited ("REL") and its subsidiaries, Redburn (USA) LLC ("RUS") and Redburn (France) SA are independent agency stockbrokers specialising in European equities and research thereon. REL has another subsidiary, Redburn Asset Management LLC ("RAM"). RAM is not currently a regulated entity but is a client.

In December 2019, Rothschild & Co Continuation Limited ("Rothschild & Co.") made a significant minority investment in REL of c25% and formed a Strategic Partnership. REL's other shareholders are primarily existing and former employees of the Group, none of whom owns more than 10% of the equity.

REL's main business is to provide research and execution services to professional and institutional investors. REL undertakes execution on a delivery versus payment basis; it does not undertake proprietary trading and does not participate in derivative transactions.

As part of the Strategic Partnership with Rothschild & Co, they will receive our research. This does not have a detrimental impact on our main business. REL may also carry out other work including bespoke research where we are commissioned to produce research for Rothschild & Co. This bespoke work may be shared with their client. The conflicts arising from this are set out in Section 5 below.

As an offshoot of our research business, we also provide research to Private Equity, Corporate and Professional Advisory firms, provided that in any particular instance this does not have a detrimental impact on our main business. Where this involves the sale of existing research, there are no additional conflicts. However, where we are commissioned to write bespoke research for such clients, the conflicts arising from this are set out in Section 6 below.

2. Conflicts of Interest

Typical conflicts of interest would involve situations where:

- our interests conflict with those of a client;
- the interests of one of our clients conflicts with those of another client; or
- the interests of one of our employees conflicts with those of a client or with REL or RUS.

However, there cannot be a conflict of interest unless there is potential for a client to suffer some form of loss.

For the purposes of this policy, a client includes:

- existing clients of REL or RUS;
- potential clients where we are actively seeking to establish a business relationship; and
- former clients where we still have obligations of confidentiality.

3. Management of Conflicts

The Firm takes responsibility for managing any conflicts of interest arising in its business that may entail a material risk of damage to the interests of clients. We maintain and operate effective organisational and administrative arrangements, taking all reasonable steps to avoid the conflicts of interest described in Section 2 above. These cover:

3.1 PA Dealing

All employees require approval before executing transactions in listed securities for their own account. Transactions in securities of companies covered, or about to be covered by our research and in promoted securities are not permitted. (A company will be judged as being 'promoted' when any Redburn employee is, or has recently been, recommending it to clients by any means (e.g. Bloomberg, email, oral or published research). Transactions in stocks where we have ongoing client execution business are not permitted. All purchases are subject to a minimum thirty-day holding period. (There is an exemption for sales of covered stock where it was held prior to REL commencing coverage or prior to an employee joining REL. However, in such circumstances, sales may be delayed to avoid any potential conflicts.)

3.2 Gifts and Inducements

Employees are not permitted to accept any gifts or inducements (including hospitality) that might influence their impartiality. Gifts above £100, entertainment above £150 per head or group entertainment above £1,500 are subject to approval by a member of the Group Management Committee, Managing Partner, Head of Sales, Head of Sector Research or the Chief Operating Officer of Execution Services.

3.3 Remuneration

We have a Remuneration Policy which complies with SYSC 19A of the FCA's Handbook. This includes a requirement to avoid conflicts of interest in our remuneration policy.

Most employees are remunerated with a basic salary which is not dependent on the performance of REL or RUS. They are also part of a discretionary bonus scheme which is linked to the performance of the company and the individual. The level of pay and bonuses are subject to many factors and this is overseen by our Remuneration Committee which must consist of a majority of non-executive directors.

3.4 There are a few members ("X") of our sales team whose remuneration consists of a basic salary plus a bonus which is directly linked to their sales to their clients ("Y"). Despite the direct link, there is little scope for conflict because:

- X are subject to same rules and requirements as their fellow salespersons who are not so remunerated; and
- Y, all of whom are professional investors, are long-term in nature and if Y were dissatisfied with X's performance or if Y thought X were not acting in Y's best interests, Y would cease dealing with X.

3.5 External Activities

Employment or the acceptance of directorships outside the Group by our employees is subject to approval by Compliance, which will consult HR and relevant senior management as necessary in reaching a decision. This would not be granted in the event of any conflicts of interest arising therefrom.

3.6 Alpha Capture Systems

Some of our staff, other than Analysts, contribute trade ideas to third-party Alpha Capture Systems. Such ideas are the sole responsibility of the individual and they may from time to time express a view contrary to that of our existing published research.

3.7 Separation of Analysts from Sales and Trading Staff

We do not normally physically separate our analysts from our sales and trading staff (see Section 5 below for exception) because:

- we do not consider that there is an inherent conflict of interest between those groups and our relationship with our clients; and
- we do not believe that such physical separation is appropriate given our size and organisation as well as the nature, scale and complexity of our business.

However, we have put in place various control procedures to ensure that research cannot be given to clients by our sales and trading staff ahead of its official publication.

4. Research

In addition to the conflicts mentioned in Section 3 above and in relation to research for Private Equity and Professional Advisory firms Section 5 below, the following is relevant to research analysts:

4.1 Analysts report to the Head of Sector Research or their duly authorised representative ("the research management team"). All printed research must be reviewed prior to publication by a member of the research management team who will be able to identify any possible conflicts in the Research Department's current workload.

4.2 Analysts are solely responsible for their investment views and, subject to any review in 4.1 above, the formal Redburn opinion. If an analyst chooses to send a copy of their draft research to a subject company prior to publication, they will remove their opinion and make it clear that the company is only being asked to confirm its factual accuracy and not to comment on the analyst's views or conclusions. Analysts are under no obligation to make changes to research following company feedback although any comments suggesting factual inaccuracies must be thoroughly investigated.

4.3 Our Access team relies on our good relationships with some covered companies to organise events such as roadshows, client lunches, etc. However, the objectivity of our research opinions take priority over such relationships and our analysts will always write/say what they really believe, even if this risks damaging the relationship at the Access level.

- 4.4 Most analysts are not involved in activities other than preparing and disseminating investment research, including conveying their views directly to our clients. A small number also have a role in marketing the product of their team but they have no responsibility for any particular stock and are not involved in client account management.
- 4.5 It is our general policy never to receive inside information concerning a listed company since this restricts our ability to issue independent research as and when we wish. However, our analysts may occasionally be in possession of inside information and we have procedures to record this and the action we have taken to ring-fence the information. We will never knowingly disclose inside information to our clients.
- 4.6 We distribute our research to our clients by posting it on our internet site. Once this has been done, it can also be distributed by e-mail or in hard copy. When we are changing our opinion, we will also post a separate note on our internet site highlighting the change.
- 4.7 Analysts are also permitted to send e-mail updates to their own personal client lists. Such updates will never be used to communicate changes of opinion or significant changes of figures until distribution described in 4.6 is satisfied.
- 4.8 We do not produce research which is intended firstly for our internal use, for our own advantage, and then for distribution to our clients.
- 4.9 Our analysts receive invitations to events organised by the companies on which we write research. These can be purely business, such as factory tours, or they can involve a social element. In the latter case, the invitation will be considered under our Gifts and Entertainment Policy to determine whether the analyst should attend. In reaching a decision, the costs of providing the social element and the level of access being provided to senior management of the company at the event will be considered.
- 4.10 In the unlikely event that we have a material conflict of interest in relation to an investment which is the subject of, or which is referred to in a research report, details of the conflict will be clearly disclosed in the report.
- 4.11 There is a potential conflict if an analyst is considering leaving Redburn to join a company on which they are writing research. Once they announce their resignation, we shall carry out a review of any research they have published on the company over the relevant period to ensure that it was fully objective. If any problems were identified, an appropriate statement would be published to everyone who received the original research and the analyst would be subject to disciplinary action.

5. Research for Rothschild & Co and their clients

Where we agree to work with Rothschild & Co to provide bespoke research to them and their clients, the following additional conflicts are relevant:

- 5.1 Receiving payment for a specific piece of research could raise questions about our objectivity. Where we agree to provide such research, a break clause shall be in the contract, where appropriate, to the effect that if the recipient does not like our preliminary views, the contract can be terminated.
- 5.2 Before we agree to provide such research, we consider whether the assignment could result in our analyst receiving inside information. Such information could result in them being unable to carry on their usual research activities. If the analyst is likely to receive information which would prevent them from continuing with their usual activities, Research Management decide if the assignment is acceptable. We always have the ability to reject the assignment.
- 5.3 Where we agree to provide such research, we shall consider the conflicts and implement physical separation where appropriate. This will include, but is not limited to, separate working areas and a secure folder in the storage area network only accessible to specifically approved and permissioned persons.
- 5.4 This research will only be available to Rothschild & Co, and with our agreement their client. It is unlikely this research will subsequently be published more widely. However, if agreed, either in its original or amended form, we will disclose the circumstances surrounding the production of the research in the report.

6. Research for Private Equity, Corporates and Professional Advisory Firms

Where we agree to provide bespoke research to Private Equity, Corporates or Professional Advisory firms on all or part of a company, the following additional conflicts are relevant:

- 6.1 The fact that we are being paid for a specific piece of research could raise questions about our objectivity, i.e. are we writing what is expected of us rather than what we believe? Where we agree to provide such research, we shall ensure,

where appropriate, that there is a break clause in the contract to the effect that if the recipient does not like our preliminary views, the contract can be terminated.

- 6.2 Before we agree to provide such research, we consider whether the assignment could result in our analyst receiving inside information which would result in them being unable to carry on their usual research activities. If the analyst is likely to receive such inside information, we are unlikely to accept the assignment.
- 6.3 Where we agree to provide such research, we shall consider the conflicts and implement physical separation where appropriate. This will include, but is not limited to, separate working areas and a secure folder in the storage area network only accessible to specifically approved and permissioned persons.
- 6.4 This research will only be available to the party which commissioned it. If subsequently we are permitted to publish the research more widely, either in its original or amended form, we will disclose the circumstances surrounding the production of the research in the report.

7. Order Handling

All orders for execution are handled in accordance with our published Order Execution Policy.

8. Disclosure

In the unlikely event that we are unable to satisfactorily manage a conflict, we shall disclose the conflict to the relevant client and allow it to make an informed decision as to whether to proceed with a proposed transaction or not.

9. Register

In accordance with FCA Rules, we maintain a record of conflicts and the actions taken to manage those conflicts.

Redburn (Europe) Limited
December 2021