

RULES FOR MANAGING CONFLICT OF INTERESTS

1. Introductory provisions

The company RENOMIA, a. s., ID No.: 48391301 (hereinafter referred to as "Intermediary" or "Company") as an independent intermediary of supplementary pension savings within the meaning of Act No. 427/2011 Coll., on supplementary pension savings, as amended (hereinafter referred to as "ZDPS"); independent insurance intermediary within the meaning of Act No. 170/2018 Coll, No. 257/2016 Coll., on the Distribution of Insurance and Reinsurance, as amended (hereinafter referred to as "ZDPZ"); an independent consumer credit intermediary within the meaning of Act No. 257/2016 Coll., on Consumer Credit, as amended (hereinafter referred to as "ZoSÚ"); and within the meaning of the relevant official notices of the CNB, applies the following rules for identifying and managing conflicts of interests in the Company (hereinafter referred to as "Conflict of Interests Management Rules").

The Conflict of Interests Management Rules contain the main principles and procedures for the identification and management of conflicts of interests in the Company and in persons related to the Company by property or otherwise, in particular for the identification of potential conflicts of interests, the avoidance of conflicts of interests and the management of conflicts of interests that may arise. The aim of the Conflict of Interests Management Rules is to ensure that the interests of the Company's clients and potential clients of the Company, or third parties (e.g. cooperating financial institutions, etc.), are not harmed when the Company provides supplementary pension savings (hereinafter referred to as "SPS") distribution, insurance intermediation and consumer credit intermediation (hereinafter referred to as "CC").

The Company shall review the Conflict of Interests Management Rules at least once a year and take appropriate action to correct any possible deficiencies.

For the purposes of the Conflict of Interests Management Rules, a tied agent means a tied agent within the meaning of the ZDPS; ZDPZ; ZoSÚ.

2. Instances of conflict of interests in the Company

The conflict of interests management rules contain rules for identifying and managing conflicts of interests between:

- (i) the Company, its partners, statutory representatives, employees and tied agents; and (ii) the Company's clients and potential clients;
- (i) a person who controls the Company, is controlled by the Company or by a person controlled by the same person as the Company, and their statutory representatives and employees or tied agents, as the case may be; and (b) clients and potential clients of the Company;
- (i) persons performing part of the Company's activities under an outsourcing contract; and (ii) clients and potential clients of the Company;
- the Company's clients or potential clients among each other.

3. Identifying conflict of interests

In identifying and assessing conflict of interests, the Company shall take into account whether the Company or a person referred to in Article 2 of this document, in providing financial services:

- has a different interest in the outcome of the service or mediated transaction from that of the client or potential client;

- has an interest in the outcome of a service or mediated transaction that has the potential to affect the outcome to the detriment of the client;
- may gain financial benefit or avoid financial loss at the expense of the client;
- has a financial or other incentive (motivation) to favour the interests of another client or group of clients over the interests of that client;
- is engaged in the same business as the client;
- receives or will receive an incentive in the form of monetary or non-monetary benefits or services from a third party in connection with a service provided to the client.
- If a conflict of interests cannot be avoided, the Company will always consider the interests of the Client in preference to its own interests or the interests of the persons referred to in Article 2 of this document. If there is a conflict of interests between Clients, the Company will ensure a fair resolution for those Clients. In case an fair solution cannot be secured, the Company may refuse to perform the service to the Client.

4. Policies aiming to reduce the possibility of conflicts of interests

The Company has established and continuously updates effective procedures to reduce the potential for conflicts of interests that are appropriate to its size and organisational structure and the nature, scope and complexity of its activities and the risk of damage to clients' interests.

The Company constitutes a part of the RENOMIA GROUP. These procedures take into account also the circumstances that may give rise to conflicts of interests due to the structure and business activities of other members of the Group. In order to effectively manage conflicts of interests, the Company:

- in relation to specific financial services provided by the Company, it specifies the circumstances which constitute or may give rise to a conflict of interests which carries a risk of damage to the interests of one or more clients;
- defines the procedures and measures to be taken to effectively prevent and manage conflicts of interests; to avoid damage to the client's interests;
- the Company's organizational structure is set up in such a way that there is a personnel separation of individual organizational units of the Company (Chinese walls, prohibition of concurrence of certain functions), which effectively prevents the unwanted flow of information and its possible misuse leading to damage to the interests of one or more clients;
- prevents or restricts the ability of third parties (e.g. cooperating financial institutions) to exercise undue or unwarranted influence over the manner in which Workers (i.e. Company employees, the Company's tied agents and their employees) provide financial services;
- within the framework of the internal control system, it provides supervision and ongoing control (including compliance officers) of the Personnel offering and providing financial services on behalf of the Company;
- establishes a policy for the acceptance and provision of gifts or other benefits, clearly defining the conditions under which gifts and benefits may be accepted or provided and the procedures to be followed in accepting and providing gifts and benefits.

5. Communicating conflict of interests

The Company primarily seeks to prevent conflicts of interests by taking appropriate organisational and administrative measures.

Communication of conflicts of interests to clients is a measure to be used only where the measures taken by the Company to prevent and manage conflicts of interests are not sufficient to ensure with reasonable certainty that the risk of damage to clients' interests will be avoided.

In such cases, the Company shall inform the client of the conflict of interests in a reasonable manner before providing the financial service. The communication shall include:

- information that the organisational and administrative measures implemented by the Company to prevent or manage the conflict of interests in question are not sufficient to ensure with reasonable certainty that risks of damage to the client's interests will be prevented;
- a specific description of a given conflict of interests that arises in relation to the provision of financial services;
- an explanation of the general nature and source of the conflict of interests;
- an explanation of the risks to the client arising from conflicts of interests and the measures taken to mitigate the risks.

The information is provided in sufficient detail to enable the client to make an informed decision about the financial service where conflicts of interests arise. The Company shall provide the information to the client via a durable medium (written, electronic) or on the Company's website.

6. Harmful (material) conflict of interests

The Company keeps a continuous record of the financial services, activities and other situations (insurance) provided, from which a conflict of interests has arisen or may arise, which entails a risk of damage to the interests of one or more clients (harmful conflict of interests).

7. Main instances of conflict of interests

Conflicts of interests within the Company are associated with the following services:

7.1. Distribution of supplementary pension savings

In connection with the offering and intermediation of supplementary pension savings, there is a conflict of interests between the Company and the client (the participant of the DPS), where the Company is motivated to distribute supplementary pension savings contracts on the basis of a commercial agency agreement concluded with the pension company.

This concerns a conflict of interests that cannot be effectively avoided. Before concluding a supplementary pension savings agreement, the Company shall inform the client that the Company is remunerated by the pension company for which the Company has arranged the conclusion of the supplementary pension savings agreement, and at the same time shall inform the client of the maximum amount of remuneration provided for by law.

"The amount of the Company's remuneration paid by pension companies for offering and arranging supplementary pension savings and related activities may not exceed 7% of the average wage in the national economy announced by the Ministry of Labour and Social Affairs for the first to third quarters of the preceding calendar year pursuant to Act No 435/2004 Coll., on Employment, as amended, for the conclusion of one supplementary pension savings contract."

The Company reminds the Client that the amount of its remuneration is in some cases based on the amount of the Client's contribution and the Client's age. The exact amount of the Company's fee for arranging a supplementary pension savings contract will be communicated to the client on request.

The Company informs the client that the Company's tied agents are remunerated based on fees paid to the Company by pension companies.

7.2. Insurance intermediation

In connection with insurance intermediation, there is a conflict of interests between the Company and the client, where the Company is motivated to intermediate an insurance contract on the basis of a contract

concluded with an insurance company that entitles it to a commission for intermediating the insurance contract.

This is a case of conflict of interests that cannot be effectively prevented. The Company informs the client, prior to the conclusion of the insurance contract, of the nature of its remuneration provided by the insurance company in connection with the insurance or change of insurance being arranged.

The Company manages this conflict of interests by strictly adhering to the rules of professional care in arranging insurance for clients, with the basic premise being a proper assessment of the client's requirements, objectives and needs, and by adhering to the Company's internal rules for the remuneration of the Company's Employees.

The Company informs the Client that the Company's tied agents are remunerated from fees paid to the Company by insurance companies.

Insurance-based investment product

A company that is also an independent intermediary authorised to arrange supplementary pension savings shall manage conflicts of interests related to its status as an insurance intermediary authorised to offer and arrange investment (reserve-forming) life insurance to clients.

If, on the basis of an assessment of the client's requirements and needs in arranging the insurance, it is clear that the client intends to value his/her available funds, it is essential to ensure that he/she is informed of all types of financial products corresponding to his/her requirements which the Company intermediates (DPS x other).

The information should always include a comparison of financial products on essential parameters to enable the client to make an informed decision.

7.3. Consumer credit intermediation

There is a conflict of interests between the Company and the client in relation to the intermediation of a consumer credit, where the Company is motivated to intermediate a credit agreement on the basis of a contract concluded with the lender which entitles it to a commission for the intermediation of the consumer credit.

This concerns a conflict of interests that cannot be effectively avoided. Before intermediating a consumer credit agreement, the company shall inform the client of the nature of its remuneration from the credit provider.

Prior to entering into a consumer credit for housing agreement, the Company notifies the client, through its own documentation and the pre-contractual documentation of the lender, of the exact amount of commission payable by the lender to the Company.

The Company manages this conflict of interests by strictly adhering to the rules of professional care in arranging consumer credit to clients, with a proper assessment of the requirements of the client's objectives and needs being a fundamental prerequisite, and by adhering to the Company's internal rules for the remuneration of the Company's Employees.

The Company informs the Client that the Company's tied agents are remunerated from the fees paid to the Company by the credit provider.

The Company does not act as an "independent" intermediary (i.e. an intermediary that fundamentally carries out its activity on the principle of acting on behalf and on the account of clients. Such an intermediary

may not simultaneously receive remuneration from the providers whose products it intermediates for the client. This is not an individual relationship between the intermediary and the client on the basis of a single contract, but the principle of operation of the intermediary.) The company must not refer to itself as "independent" when offering and arranging consumer credit.

INCENTIVES

8. Definition of an incentive

A specific case of conflict of interests is the so-called incentives. The Company must not, when providing financial services (DPS, insurance, consumer credit), accept, offer or provide a fee, remuneration or any other monetary or non-monetary advantage (incentive) that may lead to a breach of the Company's obligation to act competently, honestly, fairly and in the best interests of its clients or to a breach of the duty to properly manage conflicts of interests.

An incentive includes also an unusual payment for a service rendered or any provision of an unjustified advantage of a financial, material or non-material nature.

The Company approaches the management of incentives in the same way as for other conflicts of interests. This means that the Company ensures that incentives are identified, takes measures to prevent their occurrence and, where appropriate, manages them effectively, taking into account the differences in the legal regulation of incentives in different areas of financial intermediation.

In general, the Company distinguishes the following categories of incentives that it may provide or receive.

1) Customer incentives

Incentives that are paid by, on behalf of, or to the client for whom the financial service is intended.

Note: Does not apply to reserve-creating life insurance intermediation, where incentives are not considered to be remuneration or any other monetary or non-monetary benefit received from the client to whom the service is addressed or from a person acting on the client's behalf or provided to the client or a person acting on the client's behalf.

Benefits intended for the client, if offered or provided by the Company in connection with the provision of financial services, must not interfere with the Company's obligation to provide the financial service to the client with professional care.

2) Operating incentives

Incentives which enable the provision of services or which are necessary for that purpose and which are permissible where their nature does not conflict with the duty to act with professional diligence. These incentives include, for example:

- payments for accounting, legal and tax services,
- costs associated with the fulfilment of obligations towards the Czech National Bank (administrative fees, etc.) and towards clients (printing of information notices, etc.),
- postal and other communication fees,
- fees associated with maintaining a bank account,
- training required by law (e.g. AML),
- the Company's liability insurance premiums.

3) Other incentives

Other non-operating incentives paid to or intended for a third party or provided by or for a third party that are permissible provided the conditions set out in the relevant legislation are met.

Internal performance within the Company, which includes e.g. remuneration of Employees (tied agents) equipment of the branch, etc., is not an incentive. The receipt or provision of an incentive by the Company's Employees outside this relationship is attributable to the Company.

4) Gifts and other benefits

The Company and its Employees may accept gifts and other monetary and non-monetary benefits from third parties only if they do not interfere with the duty to provide financial services with professional care and do not interfere with the proper management of conflicts of interests. All gifts and benefits offered must be disclosed to the Company, which will assess their compliance with the principles set out in this document.

The provisions shall not apply to small non-monetary benefits, in particular in the form of marketing and training materials and educational and social events of cooperating financial institutions, which do not interfere with the proper management of conflicts of interests.

The worker may not provide any own gifts or other benefits to clients. On behalf of the Company, only those benefits may be provided to clients and in an amount that has been approved in advance by the Company (e.g., free additional services or other benefits).

9. Rules for the acceptance and provision of incentives in case of reserve-creating life insurance

The Company shall always assess whether a particular type of incentive or incentive scheme accepted or provided by the Company has a detrimental effect on the quality of the service provided to the client and, for this purpose, shall carry out an overall analysis taking into account all relevant factors that may increase or decrease the risk of a detrimental effect and the organisational and administrative measures taken by the Company to manage conflicts of interests, taking into account in particular the following criteria:

- a) whether the incentive or incentive scheme may encourage the Worker to offer or recommend a particular insurance product or service even though the Worker could offer the client a different insurance product or service that would better meet the client's needs;
- b) whether the incentive or incentive scheme is based solely or predominantly on quantitative business criteria or whether it takes full account of appropriate qualitative criteria reflecting compliance with applicable law, the quality of service provided to clients and client satisfaction;
- c) the value of the incentive paid or received relative to the value of the product and services provided;
- d) whether the incentive is paid wholly or mainly at the conclusion of the insurance contract or throughout the validity of the contract;
- e) the existence of an appropriate mechanism to recover the incentive in the event that the product is discontinued or bought up at an early stage, or in the event of damage to the client's interests;
- f) the existence of some form of variable or conditional limit or coefficient increasing the value of another type upon the achievement of a certain target defined on the basis of sales volume or sales value.

10. Forms of particular incentives in the Company

In a specific form, the Company accepts the following incentives.

SUPPLEMENTARY PENSION SAVINGS

- Remuneration (commission) paid to the Company by the pension company for arranging the supplementary pension savings contract.
- The amount of such remuneration paid to the Company by pension companies for offering and arranging supplementary pension savings and related activities may not exceed 7% of the average wage in the national economy announced by the Ministry of Labour and Social Affairs for the first to third quarters of the preceding calendar year pursuant to Act No 435/2004 Coll., on Employment, as amended, for the conclusion of one Supplementary Pension Savings Agreement.
- In some cases, the amount of the remuneration depends on the amount of the client's contribution and the client's age.

INSURANCE INTERMEDIATION

The remuneration (negotiation commission, follow-up commission, etc.) paid to the Company by the insurance company for arranging the conclusion of the insurance contract and related activities (follow-up care of the insurance contract, etc.)

CONSUMER CREDIT INTERMEDIATION

Remuneration (commission) paid to the Company by the lender (e.g. bank) for arranging the credit agreement.

In Brno, as on 1 April 2021

RENOMIA, a. s.