

MiFID II clause for Contracts/Agreements with MiFID Manufacturers of Products/Services that will be distributed/mediated by Banque de Patrimoines Privés.

MiFID II Product Governance Obligations

In compliance with the obligations arising under Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and its developing rules, [•] as Issuer and/or Manufacturer of financial instruments whose distribution will be performed through Banque de Patrimoines Privés, S.A (hereinafter, the “Distributor”) subject to this Agreement, shall comply with the following obligations:

- (a) Determination of the (potential) Suitable Target Market of the financial instruments whose distribution is subject to this Agreement, so that the Distributor includes and provides such information, as a distribution entity, to its final clients before any investment service presentation is given.

The determination of the (potential) Suitable Target Market and (potential) Non-suitable Target Market that shall be provided by the Issuer and/or Manufacturer considering the established parameters under the applicable regulation in Luxembourg which, at least, shall include the following:

1. MiFID client category;
2. Minimum theoretical knowledge and experience expected (i.e. the manufacturer will not undertake the information that the Distributor provide in relation with its clients base);
3. Financial situation with a focus on the ability to bear potential losses of the client;
4. Level of risk tolerance and compatibility of the risk/profitability profile of the product with the potential target market;
5. Objectives and needs of target clients that a product is designed to meet.

The determination of the Positive Target Market (potential) may be more generic or more detailed in accordance with the varying complexity of financial instrument.

- (b) To provide accurate indications and/or conditions that the Manufacturer has considered appropriate in accordance with its Product Governance Policy in order to be considered by the Distributor for the application of its offering commercial strategy, distribution and execution of transactions with its final clients (e.g. type of investment service through which the financial instrument may or may be favourable to be distributed, minimum or additional pre-contractual information to be provided to clients, among others).

In no case shall such indications, conditions or guides provided by the Manufacturer may modify the Distributor's commercial strategy in such a way as to be opposite to or contrary to the Distributor's product governance measures based on its policies, procedures, commercial strategy decisions, operational, technological and/or regulatory compliance. In any case, the Distributor and the Manufacturer will make their best efforts to align measures and/or conditions they consider appropriate based on their respective product governance policies for the adequacy of the distribution of the financial instruments to the Suitable Target Market (potential).

- (c) To define and identify the concepts and terminology used to determine the Suitable target and Non-Suitable target market based on the parameters mentioned above, in order to minimize the risk of mistakes by the Distributor, Issuer and/or Manufacturer of the financial instrument.
- (d) To determine what information is necessary to be provided by the Distributor in relation to the offer and distribution of the financial instruments subject of this Agreement, that in no case may be information which the Distributor considers confidential, sensitive or for any reason information that is considered by the Distributor that is protected as part of the Distributor's commercial strategy or in any case results in information that should be protected and not shared by the Distributor with third parties, based on compliance with any mandatory regulations (e.g. protection of personal data, Anti-Money Laundering, market abuse, insider information, among others).

In order to avoid doubts, any information requested by the Manufacturer from the Distributor does not imply a strict obligation for the Distributor. In this regard, the Distributor will decide what information is provided and the level of detail. The Manufacturer may not consider that the Distributor fails to fulfil the obligations under this Agreement, in case it does not provide the information in whole or in part or provides the information with a different level of detail from that requested by the Manufacturer.

The information that may be requested by the Manufacturer, will be expressly stated or suggested by the Luxembourgish regulations in application of the MiFID regulations, without the Distributor being obliged to provide information that cannot be expressly and unequivocally deduced from the Luxembourgish Regulations adopted in application of the MiFID regulations since the distribution done by the Distributor will take place in Luxembourgish territory and be produced in Luxembourg and not in the Manufacturer's territory.

- (e) In any case, it shall be a decision of the Distributor to provide any requested information by the Manufacturer at the level of each particular financial instrument (i.e. ISIN) or on a consolidated basis of the instruments of each category that are subject to distribution. If the requested information is related to claims of final clients, the Distributor, in case it agrees to provide it, shall be the one to determine the scope of the information and in no case, provide identifying information of the Distributor's clients, specific investment positions, or will provide copy or access to documentation formalized by its clientele.
- (f) The Distributor will consider the information provided by the Manufacturer in relation to the definitions of Suitable Target Market (potential) and Non-Suitable Target Market (potential) to determine its own definitions that it will apply in the distribution of the financial instruments subject of this Agreement. The Distributor may, for this purpose, request the Manufacturer to confirm that it agrees with such definitions and considers them compatible. The Distributor shall in any case be autonomous to achieve its obligations to determine the Positive Target Market (potential) and Negative Target Market (potential) to determine its own definitions that it will apply in the distribution of the financial instruments subject of this agreement especially in the cases where the Distributor considers that the definitions provided by the Manufacturer are excessively generic or do not meet legal, regulatory and/or supervisor expectations.
- (g) The Manufacturer shall perform an analysis of the issued/manufactured financial instruments' scenarios and provide the Distributor with it. Such analysis will assess the

risks of poor product performance for final clients and the circumstances under which this risk may arise. For this purpose, the Manufacturer will consider each financial instrument under negative conditions that would include what would potentially happen, for example: (a) in case of a deteriorated market environment; (b) whether the Manufacturer or a third party involved experiences financial difficulties or whether any other counterparty risk arises; (c) if the financial instrument turns out to be not commercially viable, or (d) if the demand for the financial instrument is much higher than expected, putting pressure on the company's resources or on the underlying instrument market.

Whether the Manufacturer requires information from the Distributor to perform part of such analysis, the Distributor will collaborate in good faith and will use its best efforts to provide the Manufacturer with relevant information. In any case, if the Distributor is unable to provide such information, this will not exempt the Manufacturer from making and delivering the analysis.