

Teathers

Summary of its Conflicts of Interest Policy

The Financial Services Authority ('FSA') requires Teathers to take all reasonable steps to identify conflicts of interest between: (1) Teathers, including its employees and controllers, and a client of ours; or (2) one client of Teathers and another client. Where Teathers owes a duty to such clients, it must maintain and operate arrangements to prevent any conflict from giving rise to a material risk of detriment to its clients. Teathers must also disclose the general nature of potential conflicts of interest to clients and provide a summary of its conflicts of interest policy to retail clients. This document is such disclosure and policy and is provided to all Retail and Professional Clients of Teathers.

Potential Conflicts of Interest

Teathers is involved in investment banking activities including corporate finance and capital markets activities, corporate broking, trading and issuing research. It acts for Companies that are seeking to raise money, and for investors in those companies, and as a result the following conflicts may exist:

- We ('Teathers') may act for different clients with the same interests: for example, two investors attempting to acquire the same scarce asset; or different companies interested in acquiring a controlling stake in third company. Where we consider there may be a material detriment we may disclose the nature of this conflict, or decline to act. Where there is a scarcity in a security, we will allocate it in accordance with a policy requiring us to take into account objective criteria when deciding how to allot the assets. Where we are acting for an issuer, and there is an excess of demand for an issue, our policy takes into account the views of the issuer in deciding how it wants to allot the issue.
- We may own shares in a company in circumstances where we are providing corporate finance advice to that company; or advising other clients on investing in that company; or dealing in the shares of that company with other clients. Where this is the case, it is likely that the information on (for example) our corporate finance activities will not be known by any employee with responsibility for managing our holding in that company.
- We may act as corporate broker to a company, and also trade in its securities with our investor clients. Where this is the case, corporate finance employees acting for the company will owe their duties to the company, and our sales and trading team will owe their duties to our investor clients.

- We may produce research on a company where we are also providing corporate finance services to, or dealing on a principal basis in the shares of, that company. In such cases the relevant relationships are disclosed on the research, and our procedures prevent other employees or third parties influencing the contents of analyst's research or recommendations.
- When we are handling client orders, we may discuss the contents of that order with other employees or clients in order to try to find the "other side" for that order. We consider that so doing will be in the best interests of our client.
- We may produce research on a company which remunerates us for doing so. In such cases, the company will have agreed that, although we are being remunerated for writing research on the company, the analysis, opinions, projections, forecasts and estimates expressed in research reports will be honest, unbiased and in no way influenced by any remuneration received by Teathers from the company. The research will be checked to ensure compliance with this policy and Teathers' Research Policy and to ensure that it remains clear, fair and not misleading. The fact that we are being remunerated for producing the research will also be disclosed on that research.

Organisational means of managing conflicts

Teathers may use Chinese Walls to ensure that, for example, information on corporate finance and capital markets activities is not available to employees who may be engaged in dealing activities with clients or for Teathers itself. Where we use Chinese Walls, we also use management structures that support these restrictions on the flow of information, and we monitor to ensure that information does not flow from one side of the Chinese Wall to the other unless a member of staff is deliberately being taken "across the wall".

We operate a personal account ("PA") dealing policy that requires all employees to have PA trades approved before dealing to ensure that dealing does not occur in securities in circumstances where such dealings should be restricted.

Our research is not labelled as independent, as we do not meet FSA's criteria for labelling that research as "Investment Research". Research is only provided to Professional Clients of Teathers. Professional Clients should review the research disclaimers that appear on our research. However in the production and distribution of research, Teathers endeavours to ensure that it manages its conflicts of interests fairly and that the research is clear, fair and not misleading. Our policy on production of research can be found on our website www.teathers.com. We release research simultaneously to Professional Clients and



internally at Teathers to ensure that our employees can not deal either for ourselves or their clients ahead of the general research publication.

Where we do not consider that structural methods of conflict management such as those outlined above are sufficient to manage a conflict, Teathers may choose to disclose specific conflicts to clients and to ask for their informed consent to continue to act notwithstanding the existence of any such conflict.

Further information

Further information on these conflict management methods is available from your usual contact or the Compliance Department, Teathers, Berkeley Square House, 3rd floor, Berkeley Square, London W1J 6BU.

Teathers is a trading name of Straumur-Burdaras Investment Bank hf. ("Straumur") which is a public limited company, listed in Iceland and is authorised and regulated by the Fjármálaeftirlitið (The Financial Supervisory Authority, Iceland) and subject to limited regulation by the Financial Services Authority in the UK. Details about the extent of our regulation by the Financial Services Authority are available from us on request.

Straumur's registered address is at Borgartun 25, 105 Reykjavik, Iceland and its London Branch is located at Berkeley Square House, 3rd Floor, Berkeley Square, London, W1J 6BU. Straumur is a member of the London Stock Exchange.