

CONFLICTS OF INTEREST POLICY

1 - INTRODUCTION

This policy is issued pursuant to, and reflects compliance with, the European Directive 2004/39/EC of 21st April 2004 on Markets in Financial Instruments (**MIFID**) and with the implementing Portuguese legislation that apply to Banco Comercial Português, S.A. (“the Bank” or “Millennium bcp”).

Under MIFID, the Bank is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflicts of interest.

Integrity, fairness, impartiality and primacy of Clients’ interests occupy a leading place among Bank ethical rules. All Bank staff is required to comply with ethical rules and receives proper information, training and guidance in order to do so effectively.

The Bank reserves the right to amend or supplement this policy at any time.

This policy is available to Clients upon request and is also made available on our website at www.millenniumbcp.pt.

2 - OUR CONFLICTS OF INTEREST POLICY

Like any financial services group, Millenniumbcp is potentially exposed to conflicts of interest in relation to various activities. The Bank core principle is to take all reasonable steps to identify conflicts of interest between itself and its Clients and between one Client and another as well as to provide for rules to ensure that such conflicts do not adversely affect the interests of Clients.

The circumstances which should be treated as giving rise to a conflict of interest cover cases where there is a conflict between the interests of the Bank or certain persons connected to the Bank and the duty the Bank owes to a client; or between the differing interests of two or more of its clients, to whom the Bank owes in each case a duty.

When identifying circumstances which constitute or may give rise to a conflict of interest special attention should be paid to the activities of investment research and advice, proprietary trading, portfolio management and corporate finance business, including underwriting or selling in an offering of securities and advising on mergers and acquisitions. In particular, such special attention is appropriate where the Bank or a person directly or indirectly linked by control to the Bank performs a combination of two or more of those activities.

The Bank should aim to identify and manage the conflicts of interest arising in relation to their various business lines and activities. In particular, the disclosure of conflicts of interest by the Bank should not exempt it from the obligation to maintain and operate the effective organisational and administrative arrangements required to manage conflicts appropriately.

3 - CONFLICT OF INTERESTS – INVESTMENT RESEARCH

The measures and arrangements adopted by the Bank to manage the conflicts of interests that might arise from the production and dissemination of material that is presented as investment research should protect the objectivity and independence of financial analysts and of the investment research they produce. Those measures and arrangements should ensure that financial analysts enjoy an adequate degree of independence from the interests of persons whose responsibilities or business interests may reasonably be considered to conflict with the interests of the persons to whom the investment research is disseminated.

Persons whose responsibilities or business interests may reasonably be considered to conflict with the interests of the persons to whom investment research is disseminated include corporate finance personnel and persons involved in sales and trading on behalf of clients or the firm.

Exceptional circumstances in which financial analysts and other persons connected with the Bank who are involved in the production of investment research may, with prior written approval, undertake personal transactions in instruments to which the research relates should include those circumstances where, for personal reasons relating to financial hardship, the financial analyst or other person is required to liquidate a position.

4 - CONFLICTS OF INTEREST POTENTIALLY DETRIMENTAL TO CLIENT

4.1. General Guidance

For the purposes of identifying the types of conflict of interest that arise in the course of providing services and whose existence may damage the interests of a client, the Bank take into account the question of whether the Bank or a relevant person, or a person directly or indirectly linked by control to the Bank, is in any of the following situations:

- a) the Bank or that person is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
- b) the Bank or that person has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the Client, which is distinct from the Client's interest in that outcome;
- c) the Bank or that person has a financial or other incentive to favour the interest of another Client or group of Clients over the interests of the Client;
- d) the Bank or that person carries on the same business as the Client;

- e) the Bank or that person receives or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

Conflict of interests may arise between:

- The Bank and a Client,
- A Relevant Person and a Client,
- Two or more Clients of the Bank,
- The Bank Vendor and a Client.

4.2. Relevant person

For the purpose of this conflict of interest policy “relevant person” means any of the following:

- a) Members of Supervisory Board or Management Board of any of the Bank entities,
- b) Manager, directors and any other employees of the Bank,
- c) Any other natural person whose services are placed at the disposal and under the control of the Bank and who is involved in the provision by the Bank of its activities,
- d) A natural person who is involved in the provision of services to the Bank under an outsourcing agreement.

4.3. Examples of potential conflicts of interest

Within a multi-service financial institution conflict of interest may arise in a variety of situation and/or places. Areas of particular concern, giving rise to a conflict of interest entailing a material risk of damage to the interest of one or more Clients includes, but is not limited to:

- Provision of investment research,
- Proprietary trading,
- Portfolio management,
- Corporate finance,
- Personal account dealing

Below are non-exhaustive examples of what may be considered typical conflicts of interest that may arise in relation to investment services provided by the Bank:

- The Bank may engage in business and trading activities for its own account and/or Client accounts whilst other Clients are active in relevant markets at the same time;

- The Bank may provide investment advice or discretionary portfolio management services to its Clients and the Bank may also recommend or sell products issued by itself or affiliated companies;
- The Bank provides investment research in relation to an entity or group to which it also provides investment advisory services.
- The Bank is the discretionary portfolio manager for more than one Client or fund – in particular in respect of issues related to allocation.

5- IDENTIFYING AND MANAGING CONFLICTS OF INTEREST

Should a conflict of interest arise, it must be managed promptly and fairly. As a minimum standard the Bank has in place arrangements designed to ensure that:

- divisions and legal entities operate with appropriate independence from one another;
 - there are effective procedures in place to control the flow of information where, otherwise, the risk of a conflict of interest may harm the interests of a Client;
 - Supervisory arrangements provide for separate supervision of staff where necessary for the fair management of conflicts of interest;
 - there are appropriate controls in place to identify and manage cross-board memberships and outside business interests of Relevant Persons;
 - relevant information is recorded promptly in a secure environment to enable identification and management of conflicts of interest;
 - appropriate inter- and intra-divisional escalation processes are in place and complied with where a conflict of interest has been identified or may be identified;
 - adequate records are maintained of the services and activities of the Bank where a conflict of interest has been identified;
 - where necessary, Relevant Persons may be asked to step aside from working on a specific transaction or participating in the management of a potential conflict of interest;
 - where necessary, Relevant Persons are subject to personal account transaction rules;
- and
- there is a periodic review of the adequacy of the Bank's systems and controls.

5.1. Information barriers

The Bank respects the confidentiality of information it receives about its Clients and operates a “need to know” approach and complies with all applicable laws in respect of the handling of that information. Access to confidential information is restricted to those who have a proper requirement for the information consistent with the legitimate interest of a Client or the Bank. The principal way in which the Bank structures its business to manage conflicts of interest is through the maintenance of information barriers (“Chinese Walls”) which are designed to restrict information flows between different areas of the Bank.

5.2. Measures of Control for Identification and Management of Conflicts of Interests

In managing a Conflict of Interest it may be appropriate to use additional measures in the event that existing ongoing conflicts management measures are not sufficient to adequately manage the potential conflict, such as the following:

- implementation of ad hoc transaction specific Chinese Walls or other additional information segregation methods following consideration of all of the facts available to relevant management;
- escalation to senior management who have responsibility for the strategy of the Bank and an appreciation of the relationship and reputation risks that may arise;
- declining to act.

6 - DISCLOSURE OF CONFLICTS OF INTEREST AND CLIENT CONSENT

Where organizational or administrative arrangements made by the to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to client interests will be prevented, the Bank shall clearly disclose the general nature and/or sources of conflicts of interest to the Client before undertaking business on its behalf. Disclosure to Clients is made in a durable medium and includes sufficient detail, taking into account the nature of the Client, to enable that Client to take an informed decision with respect to the investment or service in the context of which the conflict of interest arises.

7 - REGISTER

The Bank keeps and regularly updates a record of the kinds of services or investment activity carried out by or on behalf of the Bank in which conflicts of Interest entailing a material risk of damage to the interests of one or more Clients has arisen or, in the case of an ongoing service or activity, may arise.

The information contained within the register facilitates the effective identification and management of any potential conflicts of interest.

This policy is effective from November 1, 2007 and shall remain effective until a more recent version is released and is also made available on our website at www.millenniumbcp.pt.