

Conflicts of Interest Policy

SQM Research Pty Ltd

Company:	SQM Research Pty Ltd
ACN:	122 592 036
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TABLE OF CONTENTS

SECTION A – INTRODUCTION	4
1. BACKGROUND	4
2. OBJECTIVES OF POLICY	5
3. DEFINITIONS.....	5
SECTION B – POLICIES AND PROCEDURES	7
4. POLICIES.....	7
5. CONFLICT MANAGER	7
SECTION C – ENFORCEMENT	8
6. ENFORCEMENT AND REVIEW	8
7. WHISTLEBLOWERS	8
8. AUDITS AND RECORDS.....	8
9. POLICY REVIEW	8
APPENDIX 1 – CONFLICT RULES.....	10
APPENDIX 2 – CONFLICT NOTIFICATION DOCUMENT	18
APPENDIX 3 – CONFLICT OF INTEREST FORM	189
APPENDIX A – CONFLICTS MANAGEMENT AND PROCEDURES.....	20

VERSION CONTROL

Version Number	Date Updated	Notes
1	September 2024	Original document prepared and finalised in consultation with Sophie Grace Pty Ltd.
2	February 2025	Updated by the Compliance Committee

SECTION A – INTRODUCTION

1. BACKGROUND

- 1.1 This Conflicts of Interest Policy (“**Policy**”) outlines SQM Research Pty Ltd’s (“**SQM Research**”) policies and procedures for managing conflicts of interest of SQM Research and its Representatives.
- 1.2 A '**Conflict of Interest**' is a circumstance where some or all of the interests of people (clients) to whom SQM Research (or its representatives) provides financial services are inconsistent with, or diverge from, some or all of the interests of SQM Research or its representatives. This includes actual, potential or perceived conflicts of interest. The conflicts of interest to which this document relates are those that arise wholly, or partially, in relation to activities undertaken by SQM Research or its Representatives in the provision of Financial Services as part of SQM Research’s business. Examples of these conflicts of interest situations are provided in SQM Research’s Conflicts Register.
- 1.3 This Policy has been implemented because SQM Research:
- (a) has an obligation under the law to have in place adequate arrangements for the management of conflicts of interest that arise wholly, or partially, in relation to activities undertaken by SQM Research or a Representative in the provision of Financial Services as part of SQM Research’s business. Where this is not done or conflicts of interest are not managed appropriately, SQM Research’s Australian Financial Services Licence (“**AFSL**”) may be suspended or cancelled and SQM Research and/or its Representatives may be liable for compensation, fines and/or imprisonment in extreme cases;
 - (b) as the holder of an AFSL and in accordance with section 912A(1) of the Act, must adhere to the following general obligations to:
 - (i) do all things necessary to ensure that the financial services covered by the AFSL are provided efficiently, honestly and fairly;
 - (ii) comply with the conditions on the AFSL;
 - (iii) comply with financial services law; and
 - (c) is aiming to build a strong reputation based on independent and quality advice services. A key component of this success is derived from SQM Research maintaining its independence and avoiding conflicts of interest in providing its services, or if it does have a conflict, managing the conflict in an appropriate manner so as not to reduce the quality or independence of SQM Research’s services.
- 1.4 This Policy applies to SQM Research and all of its Representatives.
- 1.5 SQM Research acknowledges ASIC guidance of the conflicts management obligations as set out in Regulatory Guide 181 Licensing: Managing Conflicts of Interest (RG 181) and Regulatory Guide 79 Research Report Providers: Improving the Quality of Investment Research (RG 79).

- 1.6 Refer to the Definitions (Section 3) for more information about some of the terms used in this document

2. OBJECTIVES OF POLICY

- 2.1 The main objectives of this Policy are to:

- (a) **(Identify)**: have procedures in place to identify all conflicts of interest that arise in relation to SQM Research's business of providing Financial Services;
- (b) **(Evaluate)**: have policies and procedures in place to enable evaluation of conflicts of interest;
- (c) **(Monitor and Manage)**: have processes and procedures in place to monitor, manage and deal with conflicts of interest; and
- (d) **(Disclose)**: have procedures in place for the making of adequate disclosure of conflicts of interest to clients (or other persons who receive SQM Research Financial Services) to ensure that those people are sufficiently informed to be able to assess whether a conflict may affect the independence or quality of the Financial Service provided to them.

3. DEFINITIONS

- 3.1 **Employment** includes employment as an employee, contractor or officer of SQM Research or any of its related entities.
- 3.2 **Financial Product Advice** means a recommendation or a statement of opinion or a report of either of these things that is intended to influence a person(s) in making a decision in relation to a particular financial product (or an interest therein) or class of Financial Products or could reasonably be regarded as being intended to have such an influence.
- 3.3 **Financial Products** for the purposes of this Policy, means basic deposit products, deposit products other than basic deposit products, derivatives, foreign exchange contracts, debentures, stocks or bonds issued or proposed to be issued by a government, managed investment schemes and securities.
- 3.4 **Financial Service** includes providing Financial Product Advice.
- 3.5 **New Work** means the provision of a written report or recommendation in respect of a Financial Product. New Work is taken to have commenced, if the service is first formulated for the relevant client.
- 3.6 **Trading** includes applying for, buying, acquiring, selling, or otherwise disposing of, listed Financial Products either on-market or off-market. Trading can be direct or indirect. Indirect trading includes trading through your spouse, partner, dependent child, controlled entity, trust of which you are a beneficiary, or a person, company or trust over whom or which you have influence.

3.7 **SQM Research** means SQM Research Pty Ltd and any related bodies corporate that might exist from time to time.

3.8 **Representative** means:

- (a) an employee or director of SQM Research;
- (b) an employee or director of a related body corporate of SQM Research;
- (c) a contractor of SQM Research and/or
- (d) any other person acting on behalf of SQM Research .

SECTION B – POLICIES AND PROCEDURES

4. POLICIES

4.1 Under the Policy, **all** Representatives are required to:

- (a) comply with the **Conflict Rules** set out in Appendix 1;
- (b) comply with SQM Research's **Personal Dealing and Insider Trading Policy**; and
- (c) provide all the necessary information required to update the Conflicts Register.

4.2 Prior to SQM Research providing any Financial Service it must be established that no Strong Conflict exists.

5. CONFLICT MANAGER

5.1 SQM Research has appointed its Compliance Manager as the Conflict Manager. The Conflict Manager oversees conflicts of interest issues that arise with SQM Research from time to time.

5.2 Conflict Manager's Responsibilities

The Conflict Manager must:

- (a) on a quarterly basis review the Conflicts of Interest Register to ensure that it is maintained and is otherwise up-to-date;
- (b) where a conflict of interest exists, monitor that conflict on at least a monthly basis to ensure that no adverse consequence has occurred or is likely to result from that conflict of interest;
- (c) prior to the situations referred to in paragraph 1.2 above, the Conflict Manager must:
 - (i) refer to the Conflicts of Interest Register maintained by SQM Research;
 - (ii) where a conflict is identified in the Conflicts of Interest Register:
 - (A) evaluate the conflict according to the Conflict Rules to determine whether the conflict of interest situation is manageable or unmanageable; and
 - (B) direct the relevant Representative(s) on how to deal with that conflict of interest situation (i.e. avoid it or prescribe conditions);
- (d) otherwise, ensure that this Policy is implemented and maintained at all times; and
- (e) report to the Managing Director annually on whether this Policy is being complied with.

SECTION C – ENFORCEMENT

6. ENFORCEMENT AND REVIEW

- 6.1 Non-compliance with this Policy and/or intentionally failing to report instances of non-compliance with this Policy may result in disciplinary action being taken against the Representative involved and may also result in prosecution under the law where that act is illegal. This may include re-assessment of bonus qualification, prohibition from Trading, termination of Employment and/or fines and imprisonment (in cases that contravene for instance the Corporations Act).
- 6.2 SQM Research's Managing Director and Compliance Manager are responsible for monitoring the implementation and ongoing compliance with this Policy. Refer to the Breach Reporting Policy for further information.

7. WHISTLEBLOWERS

- 7.1 In extreme circumstances, a Representative may be concerned that a serious breach of this Policy has or will occur but is in a position where they believe that it would be personally damaging to pursue their concerns through normal channels.
- 7.2 In such circumstances, the individual should, in the first instance, consult SQM Research's Whistleblower Policy which has detailed processes for handling this type of concern in accordance with the law.
- 7.3 In doing so, provided the Representative meets the criteria set out in SQM Research's Whistleblower Policy, they are afforded anonymity, confidentiality and immunity, where permitted under the law.

8. AUDITS AND RECORDS

- 8.1 The policies and procedures outlined in this document must be audited as part of any SQM Research's compliance audit.

All records of these audits and any other records in relation to this Policy, such as conflicts identified and action taken; and copies of written conflicts of interest disclosures given to client, must be kept for seven (7) years, or as otherwise stipulated in SQM Research's Document Retention Policy.

9. POLICY REVIEW

- 9.1 This Policy is reviewed on at least an annual basis by the Compliance Manager having regard to the changing circumstances of SQM Research. The Compliance Manager then reports to the Managing Director on compliance with this Policy.
- 9.2 Upon approval by the Managing Director, the Compliance Manager will circulate (if changed) the updated Conflicts of Interest Policy to the business and will be responsible for educating

relevant officers, employees and representatives to ensure they understand the meaning of “conflicts of interest” and the procedures outlined in this policy.

Issued by SQM Research Pty Ltd

February 2025

APPENDIX 1 – CONFLICT RULES

1. GENERAL OBLIGATION

- 1.1 Each Representative as an employee of SQM Research must act in an honest, fair and professional manner.

2. REMUNERATION

- 2.1 The remuneration of a Representative, except in their capacity as an officer or shareholder of SQM Research, must be primarily determined according to their salary or wage (as the case may be) and/or their individual performance.
- 2.2 The remuneration of a Representative must not be determined in a material way by the earnings or performance of another individual within SQM Research.

3. FINANCIAL PRODUCT ADVICE

- 3.1 All Financial Product Advice provided by SQM Research or its Representatives must:
- (a) reflect the actual opinion of the Representative providing the Financial Product Advice or, if not, the consensus of the relevant group;
 - (b) be based solely on the merits of the person or security being evaluated and not based on any other relationship that SQM Research or its Representatives may have with that person or security (as the case may be); and
 - (c) not be made in order to affect the trading price of a security.

4. IDENTIFYING CONFLICTS

Responsibility

- 4.1 It is the responsibility of each Representative to be alert to, aware of and identify any conflicts of interest (whether perceived, actual or potential) in relation to their Employment with SQM Research.
- 4.2 Internal Reporting by Representatives: any Representative who will be involved in the provision of financial services under the AFS Licence must on commencement of employment, and at least every 12 months thereafter, disclose:
- a) material interests in securities in entities providing services to SQM Research;
 - b) material interests in any relevant product traded by the representative.
 - c) the representative's directorships of any company if relevant;
- 4.3 All Representatives are required to disclose material interest in any currently rated fund to the Compliance Manager via a Conflict of Interest Form to be completed soon after the RFI is completed by the client, before commencing work on the respective rating report. The Compliance Manager must maintain a central registry of all relevant conflict of interest

disclosure documents. Failure to comply with the requirement to disclose and update the disclosure as required, without adequate reason, will be treated as a compliance breach by the representative and may result in disciplinary action.

Pecuniary Interests

- 4.2 Employees and agents must disclose any 'pecuniary interest' of which they are aware that relates to the provision of a Financial Service by SQM Research as soon as practicable after the earlier of the employee or agent becoming aware of the Financial Service or the pecuniary interest.
- 4.3 A 'pecuniary interest' is an interest that an employee or agent has because of a reasonable likelihood or expectation of appreciable financial gain or loss to the employee or agent directly or indirectly because of the interests of certain persons or entities who are 'associated persons' of the employee or agent.
- 4.4 Associated persons include immediate family members (e.g. spouse, parent, children and siblings) and entities in which immediate family members have an interest (e.g. family companies, family trusts and self-managed superannuation funds).

Identified Conflicts

- 4.5 A Representative must immediately inform the Conflict Manager if they have or become aware of any conflicts of interest in relation to their Employment with SQM Research and ensure the Conflicts of Interest Register is updated to reflect this. This will be in the form of a Conflict Notification Document (refer to Appendix 2), which is sent to the Conflict Manager. This should be done even if the Representative believes that the conflict is not important or unlikely to have any adverse consequences. The notification must list the following items (as relevant to the particular conflict of interest):
 - (a) name of the proposed client/parties involved;
 - (b) nature of the transaction;
 - (c) nature of SQM Research's participation;
 - (d) transaction sponsor;
 - (e) nature of conflict not addressed by the Conflicts of Interest Policy; and
 - (f) proposed conflicts of interest management strategy / augmentation of the Conflicts of Interest Policy.

4.6 Examples of Actual, Potential or Perceived Conflicts of Interest

- (a) SQM Research or a Representative providing a Financial Service in a manner that puts SQM Research's or the Representative's interests ahead of the interest of the recipient of that service; or

- (b) A Representative, or associate of a Representative, being on the board of or holding an independent financial advisory company that SQM Research provides Financial Services to.

5. CONFLICT RATINGS

5.1 Ratings

Conflict ratings are to be determined by the Conflict Manger as follows:

- (a) **SC** (Strong Conflict) - there is a conflict of interest that in the reasonable opinion of the Conflict Manager could (and is not unlikely to) result in:
 - (i) an Extreme Consequence; or
 - (ii) a significant disadvantageous consequence for another person having regard to the objectives of this Policy; or
 - (iii) a material breach of this Policy;
- (b) **MC** (Manageable Conflict) - there is a conflict of interest that in the reasonable opinion of the Conflict Manager:
 - (i) is very unlikely to result in an Extreme Consequence;
 - (ii) could result in a Significant Consequence;
 - (iii) can be managed by putting in place arrangements to ensure that the conflict does not result in adverse consequences for a client and that the Financial Service they receive is not compromised; or
 - (iv) result in a minor or technical breach of this Policy; and
- (c) **NC** (No Conflict) - no conflict of interest exists.

5.2 Consequences

(a) Any outcome listed in the following table is an '**Extreme Consequence**'.

EXTREME CONSEQUENCES

-
- | | |
|---|---|
| <ul style="list-style-type: none"> • Breach of SQM Research's AFSL conditions. • Contravention of any law (e.g. the Corporations Act). • Dishonest or unethical behaviour. • Deceptive or misleading conduct. • SQM Research would not be able to provide the relevant Financial Service in an independent and objective manner. | <ul style="list-style-type: none"> • Breach of this Policy. • A conflict of interest that, if it were treated as a MC, would be difficult for SQM Research to manage for the purposes of preventing an Extreme Consequence, a Significant Consequence or another adverse consequence. |
|---|---|
-

(b) Any outcome listed in the following table is a '**Significant Consequence**'.

SIGNIFICANT CONSEQUENCES

-
- | | |
|--|--|
| <ul style="list-style-type: none"> • Damage to SQM Research's reputation. • A reasonable person would perceive the conflict as preventing SQM Research from providing the relevant Financial Service in an independent and objective manner. | <ul style="list-style-type: none"> • SQM Research's Financial Service being of less benefit to an intended recipient of that service. |
|--|--|
-

6. ACTING ON CONFLICTS

6.1 Conflict Rating Action

If a conflict rating of:

- (a) **SC** (Strong Conflict) exists, then the Financial Service relating to that conflict must either:
 - (i) not be provided; or
 - (ii) be provided only after the relevant conflict has been removed and a conflict report (in relation to the service) has been prepared by the Conflict Manager and approved and signed by the Managing Director;
- (b) **MC** (Manageable Conflict) exists, then a conflict report must be signed by the Conflict Manager before commencing the relevant work/New Work (as applicable). Completing the Conflict OF Interest Form or the Notification Document requires the Conflict Manager to determine what arrangements (if any) need to be put in place to mitigate the risk of adverse consequences resulting from that conflict; or
- (c) **LC** (Low Conflict) exists for any Financial Service, then that service may be provided. However, all endeavours should still be made to ensure that any potential conflict of interest is identified and dealt with according to this Policy.

7. Mechanisms for Managing Conflicts of Interest

The conflicts management obligation does not prohibit all conflicts of interest. It does not provide that an AFS licensee can never provide financial services if a conflict of interest exists, it simply requires that conflicts of interest are adequately managed.

In preparing this policy SQM Research has adopted the three mechanisms for managing conflicts of interest, as prescribed by ASIC in RG 181, and has put in place procedures and processes to:

- a) control conflicts of interest;
- b) avoid conflicts of interest; and
- c) disclose conflicts of interest.

7.1. Controlling Conflicts Of Interest

In order to control conflicts of interest, SQM Research has implemented procedures to:

- a) identify the conflicts of interest relating to SQM Research's business;
- b) assess and evaluate those conflicts; and
- c) decide upon, and implement, an appropriate response to those conflicts.

- a) **Identifying Conflicts of Interest:** SQM Research has identified a number of potential conflicts of interest relevant to the business, which have been tabled in the Table of Conflicts of Interest set out in Annexure A.
- b) **Assessing and Evaluating Conflicts of Interest:** The Compliance Manager is responsible for assessing and evaluating conflicts of interest.
- c) **Resolving Conflicts of Interest:** In resolving conflicts of interest, SQM Research must decide upon and implement an appropriate response to conflicts of interests.

Depending on the circumstances and nature of any conflict of interest, it may be appropriate to:

- a. disclose the conflict of interest to the relevant client;
- b. allocate another representative to provide the service to the particular client;
- c. decline to provide services the particular client; or
- d. initiate internal or external disciplinary action where warranted.

The above is not an exhaustive list. What constitutes an appropriate response to a particular conflict of interest will always depend on the facts and circumstances.

7.2. **Avoiding Conflicts of Interest**

Some conflicts of interest have such a serious potential impact on a licensee or its clients that the only way to adequately manage those conflicts is to avoid them completely.

SQM Research must assess and evaluate any actual, apparent or potential conflict of interest and make the decision as to whether a particular conflict of interest is manageable or whether it should be avoided. Please refer to Annexure A.

7.3 **Disclosing Conflicts of Interests**

SQM Research must make appropriate disclosures to clients as part of its arrangements to manage conflicts of interest. SQM Research recognises that while disclosure alone will often not be enough, disclosure is an integral part of managing conflicts of interest.

SQM Research will use its best endeavours to ensure that clients are adequately informed about any conflicts of interests. Adequate disclosure means providing enough detail in a clear, concise and effective form to allow clients to make an informed decision about how the conflict may affect the service provided to them.

Consistent with ASIC's expectations in RG 181, any disclosure made by SQM Research will focus on material conflicts and when providing disclosure about conflicts of interest, will ensure that disclosure:

- 1. is timely, prominent, specific and meaningful to the client;
- 2. occurs before or when the financial service is provided, but in any case at a time that allows the client a reasonable time to assess its effect; and
- 3. specifies the service to which the conflict relates.

8. Provision of non-research services

The provision of non-research services may give rise to a conflict of interest.

Non research services include the following (RG 79.130):

1. Underwriting a public offering;
2. Advice about the prospects for a potential public offering (including likely reception in the financial market);
3. Help in marketing and promoting a public offering (including participation in 'roadshows' and 'conference calls');
4. Advice on structuring and developing new financial products; and
5. Business management or consulting services on investment manager selection and asset allocation or the offering of 'fund of funds'.

If SQM Research engages in the provision of non-research services, conflicts management procedures and processes need to account for, and ensure the integrity of the provision of research reports is not compromised.

SQM will consider among other measures, whether they should:

- (a) ensure that research on a product issuer is not published while non-research services are being provided to the product issuer, and for a short period afterwards (i.e. a 'quiet period'); and/or
- (b) fully disclose in relevant research reports the nature of any non-research services provided to a product issuer.

If research cannot be separated from other services to issuers, or 'add on' consultancy services cannot be provided at arm's length from the research service, the conflict should be avoided.

9. Disclosure

SQM's clients are Funds Managers and Financial Planners with higher level of financial sophistication and understanding of the industry and its products. Each of our reports contains a disclosure section.

When determining the disclosure that should be provided, SQM Research uses the following principles:

1. *the level of financial sophistication of the client* – SQM Research clients are Funds Managers and Financial Planners who are expected to have a high level of financial understanding and sophistication.
2. *the extent to which third persons are likely to rely, directly or indirectly, on the service* – SQM Research contractual arrangements with fund managers and product issuers specifically state that SQM Research reports can only be distributed to financial planners

and other wholesale clients and further, that such reports must not be distributed to the general public or retail investors.

3. *how much the client already actually knows about the specific conflict* – any relevant conflicts are disclosed by SQM Research in the report and as such are available to the client upon receipt of the report.
4. *the complexity of the service* – the SQM Research rating is based on a simple 5-star scale that is disclosed and explained in the report, the report itself is a detailed review of the product in a structured, straightforward format able to be understood by SQM Research clients.
5. *Paid up subscribers* – SQM Research presumes and expects the readers of its research to be fully paid subscribers. SQM Research is not under any obligation to update any non-subscribers on rated investment products and rated investment managers.

10. Wholesale Clients and Retail Clients

The conflicts management obligation applies equally to services provided to retail and wholesale clients. Please note that SQM's Australian Financial Services Licence is a 'wholesale' licence only.

In some cases, the disclosure SQM Research needs to give to a wholesale client to comply with the law will be less detailed than is required for a retail client.

APPENDIX 2 – CONFLICT NOTIFICATION DOCUMENT

1. CONFLICT NOTIFICATION DOCUMENT
THE NAME OF CLIENT, RELATED COMPANIES AND THIRD-PARTY ENTITIES:
NATURE OF TRANSACTION, INCLUDING SPONSOR:
NATURE OF SQM RESEARCH'S PARTICIPATION:
NATURE OF CONFLICT NOT ADDRESSED BY SQM RESEARCH'S CONFLICTS OF INTEREST POLICY:
IMA / MANDATE LETTERS, CONFIDENTIALITY AGREEMENTS, EXCLUSIVITY AGREEMENTS:
2. CONFLICT PLAN
PROPOSED CONFLICTS OF INTEREST MANAGEMENT STRATEGY:
AUGMENTATION OF CONFLICTS OF INTEREST POLICY (IF REQUIRED):

APPENDIX 3 – CONFLICT OF INTEREST FORM

Reporting of Conflict of Interest by staff

SECTION A (completed by the Analyst & Sector Head)

Analyst

Fund APIR Code(s).....

Conflict ☐ No conflict ☐

Description of conflict (Please refer to Appendix A – Conflicts Management and Procedures)

.....

Analyst Signature.....Date

Sector Head

Conflict ☐ No conflict ☐

Description of conflict (Please refer to Appendix A – Conflicts Management and Procedures)

.....

Sector Head SignatureDate

SECTION B (completed by SQM Management)

Is SQM Research being paid to do this work? No ☐ Yes ☐ by whom?.....

If a Conflict of Interest has been declared by the analyst:

Rating: SC. ☐ MC. ☐ LC. ☐ (Appendix B - Sc = Strong conflict, MC= Manageable conflict, LC= Low conflict)

Reason for Conflict rating:

.....

Has the work been approved with the above Analyst? No ☐ Yes ☐

If yes, any conditions

Compliance Manager.....

Managing Director.....

Appendix 3.A – Conflicts Management and Procedures

No	Identification of conflicts of interest	Management of conflicts of interest
1	Documentation	<ul style="list-style-type: none"> All staff are required to read SQM Research's Conflicts of Interest Policy on induction.
2	Monitoring compliance	<ul style="list-style-type: none"> SQM Research's Compliance Officer (CO) is responsible for ongoing monitoring of SQM Research's conflict management policy. See Section 12 of this policy.
3	Ratings Notification	<ul style="list-style-type: none"> SQM Research does not communicate with Investment Managers until after a draft is completed and checked for factual errors. Ratings are published on the SQM Research subscriptions website within 2 business days of notification of the fund rating to the fund manager.
4	Information barriers	<ul style="list-style-type: none"> SQM Research places information barriers between business units that are exposed to potential conflicts of interest. Principally these information barriers are in the form of analysts being separated from research pricing decisions. SQM Research does not undertake any investment banking, corporate advisory, dealing services, underwriting or market making services and is not an investment manager of any financial products.
5	Approval before distribution	<ul style="list-style-type: none"> The release and publication of all research reports must be authorised by an experienced supervisor.
6	Provision of non-research services	<ul style="list-style-type: none"> SQM Research's conflict of interests' policy details how non-research services may be provided to a product issuer who has (or is likely to in the future), receive research. Please see section 9.
7	Benefits and remuneration	<ul style="list-style-type: none"> SQM Research provides services to wholesale clients (financial advisers) via subscription to its website. SQM Research charges standard fees for these services which are tailored in relation to the depth of services provided. SQM Research also undertakes Issuer paid research where SQM Research receives remuneration for services relating to the provision of third party reviews of fund manager's and/or the managers themselves. Remuneration for these reviews is undertaken at a fixed price which is payable upfront prior to the commencement of the assessment. Pricing may vary depending on the asset class. Each SQM Review is clearly marked with the following statement: <ul style="list-style-type: none"> SQM Research has received a fee from the fund manager, the product issuer or other related party for this report and rating. Remuneration for Product Reviews are not linked to the ratings outcome. Neither SQM Research nor its directors or employees receive any commissions or remunerations based on funds flows.
8	Investment Holdings	<ul style="list-style-type: none"> Analyst remuneration is not linked to the research or rating outcome. Where financial products are mentioned, the Analyst(s) may hold financial product(s) referred to in this document, but SQM considers such holding not to be sufficiently material to compromise the rating or advice. Analyst holding may change during the life of the report. The Analyst(s) certify the views expressed in the report accurately reflect their professional opinion about the matters and financial product(s) to which the report refers to. Any interest that may influence a research report is considered material: any financial product(s) holding that represents more than 10% of the Analyst(s) investment portfolio including superannuation, excluding the value of direct holdings on real estate.
9	Reports based on 'professional opinion'	<ul style="list-style-type: none"> In each report, the analyst certifies that the views expressed accurately reflect their professional opinion about the financial product.
10	Reports for 'proper purpose'	<ul style="list-style-type: none"> SQM Research does not undertake any investment banking, corporate advisory or dealing activities, reducing any potential for conflicts regarding the appropriateness of ratings versus any other corporate business.
11	Associations or relationships	<ul style="list-style-type: none"> SQM Research does not provide any underwriting, managerial, consultancy or market making services to product issuers or fund managers. SQM Research has no related party links with product issuers or fund managers. SQM Research may at times engage in contractual agreements with some product issuers as corporate clients (e.g. a large financial entity may have one business unit that is a product issuer and another unit which offers financial planning services who become a subscriber client to SQM Research's research). Any such corporate relationships are managed according to SQM Research's Conflict of Interest policy.
12	Assistance provided by product issuers	<ul style="list-style-type: none"> SQM Research does not permit product issuers access to ratings models or to edit research reports directly. Assistance is generally limited to providing research material, fact checking of draft reports and access to management staff for interviews. Product Issuers involved in Real Assets may facilitate physical inspections of such assets where required.
13	Remuneration practices of the business: The receiving of benefits, compensation, commission or fees from issuing the products/ services provided.	<p>Research of investment products operates under the 'manager pays' system. Conflict is managed as follows:</p> <ul style="list-style-type: none"> SQM Research has available on request the distribution of ratings statistics on the number of ratings awarded. This allows external parties to judge the transparency of our system with regard to ratings undertaken. Research of investment products is remunerated under a flat fee payable up front in full before the initial manager interviews. The outcome of the rating has no bearing on the fee charged. SQM Research does not communicate with Investment Managers until after a draft is completed and checked for factual errors. Ratings are published on the SQM Research subscriptions website within 2 business days of notification of the fund rating to the fund manager. Fee determination is separate from functions performed by analysts.

Appendix 3.B – Conflicts Rating Categories

Conflicts are rated into one of three categories:

1. **SC** being Strong Conflict which is to be avoided. There is an actual, apparent or potential conflict of interest that in the reasonable opinion of the relevant Compliance Manager could (and is likely to) result in:
 - an extreme consequence i.e. significant breach of the Corporations Act or legislation in any other jurisdiction, breach notification to ASIC or any other regulator, AFSL suspension, reputational damage to SQM Research, termination of employment of the representative involved;
 - result in a breach of SQM's Conflict of Interest Policy.
2. **MC** being Manageable Conflict. There is actual, apparent or potential conflict of interest that in the reasonable opinion of the relevant Compliance Manager;
 - could, but is unlikely to result in an extreme consequence;
 - could become a Serious Conflict without being managed;
 - is not a SC and should be MC having regard to the objectives of the policy and the potential?
 - consequences of the conflict; or
 - would result in a minor or technical breach of the policy.
3. **LC** being Low Conflict – insignificant conflict of interest exists.