

## Conflict of Interest Policy

### 1. Dealing with conflicts of interests

Investment service companies are subject to extensive regulations. Due to European legal requirements, since January 3rd, 2018 a new set of rules has been applicable pursuant to the Markets in Financial Instruments Directive ("MiFID").

Expanding and refining the existing requirements, investment services companies have the responsibility to implement and apply procedures for identifying and managing conflicts of interests (Sections 63 Para. 2 and Sections 80 Para. 1 No. 2 German Securities Trading Act). Non-manageable conflicts of interest must be disclosed to the client so that the client can judge, in accordance with this client's categorization, whether it would like to avail itself of the services of an investment services company.

Conflicts of interest may occur in particular due to different areas of activity, different investment services, and also due to collaboration with related companies. Conflicts of interest can occur in the context of the following relationships:

- Client investment service company or related companies
- Client – Bank staff
- Clients with each other

When assessing the conflicts of interest, the client's sustainability criteria have to be taken into account.

### 2. Conflict of Interest

In particular, conflicts of interest may occur within the context of

- investment advice and asset management as the Bank has a (revenue) interest in selling financial instruments, particularly those offered by the Group;
- inducements (e.g. sales commission, trailer fees or other rewards with a monetary value) received or granted by or to third parties in connection with investment services provided on behalf of clients
- performance-related remuneration paid to staff and intermediaries;
- inducements granted to staff and intermediaries;
- commission trading in connection with client business or own-account business;
- other commercial activities of the Group, particularly with regard to profits from own-account business and the sale of securities issued by the Bank itself;
- our relationship with the issuers of financial instruments, e.g. financial relationship, joint issues and cooperation;
- the preparation of financial analyses on securities offered for sale to the client;
- foreign exchange transactions associated with investment services;
- information obtained not in the public domain;
- personal relationships of staff and senior management or persons associated with them or
- the participation of these persons in supervisory or advisory bodies.

To ensure that external interests do not influence our advice, order execution, asset management, financial analyses, etc., the Bank and its staff are under an obligation to maintain high ethical standards. Diligence and integrity are expected at all times, as is behaviour that is professional and within the law. In addition, our actions must comply with market standards and in particular due regard must be given to the interests of the client. The Bank has an independent compliance office under the direct responsibility of senior management, which is responsible for the identification, avoidance and management of conflicts of interest.

### 3. Individual measures

The following specific measures have been taken:

- we have established confidentiality structures by creating information barriers, separating responsibilities and/or physical separation;
- we disclose to the competent authority the securities business conducted by staff who may be exposed to a conflict of interests in the course of their work;
- we maintain a restricted list, which aims – inter alia – to counter possible conflicts of interests by prohibiting specific business, advice and financial analyses;
- we maintain an insider/watch list in order to monitor sensitive information and prevent the misuse of insider information;
- we have established organisational procedures to safeguard the interests of clients when we provide investment advice or manage client assets, e.g. approval procedures for new products;
- we execute all orders from clients in compliance with our published Best Execution Policy in order to ensure fair, transparent and efficient trading;
- we have introduced rules on the receipt and payment of inducements and their disclosure;
- we have established a compensation scheme which safeguards to the greatest possible extent that no inducements are or will be paid to our employees or third parties which might not be consistent with the interests of our clients;
- we carry out regular checks of all transactions conducted by relevant staff in the Bank,
- disclosure of matters that could lead to a conflict of interest, as well as
- we provide staff training.

If, in exceptional and individual cases, we are unable to avoid conflicts of interests we will advise our clients accordingly. Your particular attention may be drawn to the following:

### **3.1. Sale of securities and associated inducements**

The Bank is regularly paid inducements by fund companies and issuing houses as a remuneration for the sale of their securities.

This includes portfolio volume dependent trailer fees paid by fund companies out of the respective management fees collected from investors and the sales commissions paid by issuers of securities in the form of placement commissions, reductions on issue prices (discount/rebate) and trailer fees. In order to avoid any conflict of interests, we have decided not to retain inducements paid in favor of the bank but to pass such payments through to our clients. Payouts are made retroactively.

For the sale of shares in investment funds we charge commissions according to the conditions as agreed with our clients. The level of commission is based on and limited to the respective fund issue surcharge as defined in the fund prospectus issued by the investment company.

Due to our price model our clients are granted a discount of up to 100% on the commissions, in each case according to the conditions as individually agreed with the client. For clients who have not chosen a 100% discount price structure, we ensure full disclosure and transparency as regards such commissions. In these cases the charged commissions are used purely invariably to provide an efficient, high-quality infrastructure for the purchase and sale of financial instruments. With regard to our Private Banking activities, we offer our clients investment services whereby inducements are credited to the respective clients. In this regard, we refer you to our current schedule of fees and services. Receipt and granting of inducements are disclosed in our separate Client Information about Remunerations / Inducements.

### **3.2. Portfolio-Management**

In this case, clients delegate asset management to a portfolio manager and with it the decision to buy or sell individual financial instruments. We decide whether to buy or sell assets on the basis of investment guidelines agreed with the client but we do not obtain client approval each time. This arrangement can exacerbate existing conflicts of interests and in order to counter the associated risks, we have introduced appropriate procedures as in particular by an investment selection process based on the individual client profile. Furthermore all inducements received within the scope of a portfolio management related client relationship are passed through to our clients..

Performance-related pay is another area where there is a potential conflict of interest. Here, it is impossible to exclude the possibility that a portfolio manager may take disproportionate risks in order to maximize his/her performance-related pay. Measures to reduce this risk include the internal monitoring of

investment decisions by staff and combining performance-related pay and fixed remuneration.

### **3.3. Non-monetary inducements**

In some cases, we receive non-monetary inducements from other service providers in connection with our investment business, e.g. financial analyses or other data, training and sometimes technical services and equipment for access to third-party information and dissemination systems. These inducements are not directly related to services provided to clients and we use them to provide the high-quality services that clients expect. They allow ongoing improvements to our service.

### **3.4. Financial analyses**

Whenever we prepare or distribute financial analyses, we provide clients with information on potential and relevant conflicts of interest.

Should you require further information please do not hesitate to contact us