

# Summary of guidelines for managing conflicts of interest and for disclosure of benefits.

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## Introduction.

Conflicts of interest cannot always be prevented, especially in a universal bank providing a variety of investment services for its customers as well as financing and advising companies. UniCredit Bank Austria AG, referred to as "Bank Austria" in this document, has therefore defined guidelines for managing conflicts of interest. These guidelines are intended to prevent situations in which conflicts of interest may arise and affect customers' interests.

Conflicts of interest may arise between

- customers' interests and the interests of Bank Austria, its employees, members of its Management Board, tied and non-tied agents and other members of UniCredit Group, or
- the interests of one customer of Bank Austria and another customer.

## Conflicts of interest may arise:

- in the areas of investment advice and asset management, from Bank Austria's own interest in sales of financial instruments, the Group's own products in particular;
- from payments (e.g. selling commissions/volume-based commissions) received from or made to third parties in connection with investment services and ancillary services;
- from performance-related remuneration of employees and agents which is not compatible with the duty to act in customers' best interest;
- from other business activities of Bank Austria, especially Bank Austria's interest in sales of financial instruments issued by itself;
- from Bank Austria's business relations with issuers of financial instruments, in the case of a creditor/debtor relationship, involvement in new issues, or cooperation arrangements;
- from the preparation of financial analyses of financial instruments offered for sale to customers;
- from Bank Austria obtaining information which has not been published;
- from personal relations of employees or members of Bank Austria's Management Board or parties related to such persons;
- from such persons acting as members of supervisory boards and advisory boards;
- from the decision on the range of financial instruments and services which Bank Austria wants to offer or recommend.

The objective of Bank Austria and of UniCredit Group is to identify conflicts of interest in Bank Austria and in the Group as a whole and to prevent such conflicts of interest as far as possible. If a conflict of interest cannot be prevented through organisational and administrative arrangements made by Bank Austria, Bank Austria's top priority is to resolve such conflict of interest in the interests of its customers.

## Measures to identify and manage conflicts of interest in Bank Austria:

### 1) Compliance management.

To comply with the legal requirement, compliance management has been established in Bank Austria pursuant to the Austrian Securities Supervision Act 2018 (Wertpapieraufsichtsgesetz 2018 – WAG 2018) and Commission Delegated Regulation (EU) 2017/565 of 25 April 2016, and a Compliance Officer has been appointed. Apart from preventing misuse of insider information and market manipulation, one of the core tasks of compliance management is to identify and manage conflicts of interest and to monitor measures implemented within Bank Austria and adapt them where required.

### 2) Organisational structure.

Bank Austria defines responsibilities and managerial authority in the context of its organisational structure in order to avoid any potential conflicts of interest. The organisation chart is regularly adjusted to the organisational structure and forms the basis for defining areas of confidentiality within Bank Austria.

### 3) Independence.

Employees of Bank Austria who perform investment services/ancillary services concurrently or in immediate succession where potential conflicts of interest may arise, or are involved in such services, must perform these activities independently as far as possible.

To avoid potential conflicts of interest in this context, Bank Austria takes appropriate measures, e.g. by separating functions.

### 4) Chinese walls/areas of confidentiality.

The establishment of Chinese walls between Bank Austria's various defined areas of confidentiality ensures that the forwarding of confidential information is limited to the extent necessary in the ordinary course of business (exceptions require special approval). The areas of confidentiality are adjusted to organisational changes in the bank on an ongoing basis.

The areas that have been defined as areas of confidentiality include trading on behalf of customers, new issue business, mergers & acquisitions, investment business, controlling and lending business as well as sales activities via the branch network.

### 5) Refraining from transactions.

If a conflict of interest cannot be prevented despite the organisational and administrative arrangements made by Bank Austria, Bank Austria must resolve such conflict of interest in the customers' interests. Possible ways of resolving such a conflict of interest include the disclosure of the conflict of interest to the customer(s) or refraining from a possible transaction.

### 6) Disclosure.

If the organisational and administrative arrangements made by Bank Austria are not sufficient to reasonably ensure that the risk of affecting customers' interests is avoided, Bank Austria will disclose to the customer the type and cause of the conflicts of interest, the associated risks and the measures taken by Bank Austria to limit such risks before executing transactions for the customer.

Bank Austria will only disclose a conflict of interest if there is no other way to resolve it. The extent of disclosure will be determined by the classification of the customer so that the customer can make a decision on the relevant service on an informed basis. In disclosing a conflict of interest, Bank Austria will preserve banking secrecy.

### 7) Priority.

Customer interests take precedence over the interests of Bank Austria and its employees.

### 8) Market abuse.

Bank Austria has issued internal guidelines and rules of conduct which serve to comply with the legal requirement of preventing market abuse (insider trading and market manipulation) by Bank Austria and its employees.

### 9) Guidelines for employees' own transactions (agents' own transactions) and reporting requirement for specific functions.

Bank Austria has issued guidelines regulating its employees' own transactions and aimed at preventing conflicts of interest between Bank Austria's customers and Bank Austria's employees or resolving such conflicts in the customers' interests.

This includes the requirement to report, and obtain approval for, the conclusion of employment contracts, the assumption of advisory or management functions or of positions as a member of a board of trustees, the holding of equity investments or interests in joint ventures or similar relationships within and outside the Bank Austria Group.

### 10) Remuneration.

Bank Austria's remuneration arrangements have been designed so as to ensure that the remuneration of employees is not directly connected with payments made to, or income generated by, other employees whose activities are in a conflict of interest with activities of the former.

### 11) Acceptance of gifts.

Bank Austria's employees are not permitted to demand or accept, for themselves or for their relatives, payments or other benefits from third parties which might affect their independence.

### 12) Execution policy/allotment in connection with new issues.

An execution policy has been defined and implemented in Bank Austria. The execution policy contains the rules applied by Bank Austria in executing customer orders and for allotment in connection with new issues.

### 13) Capital market prospectuses.

Special requirements for disclosure in the capital market prospectus apply to potential conflicts of interest in connection with public offerings and listings of securities.

### 14) Benefits.

Benefits are fees, commissions and other monetary and non-monetary benefits. When providing investment services and ancillary services, Bank Austria grants monetary benefits to its sales partners and Group companies, and providers of products, issuers and Group companies grant monetary benefits to Bank Austria. These benefits are in the form of a percentage rate depending on the volume sold or held in safe custody:

- Sales charge: 0% to 10% (unless directly paid by the customer to Bank Austria).
- Volume-based commissions: 0% to 3%.
- Selling commission in connection with new issues: 0% to 5%.

The following benefits are in the form of a percentage of the charges and operating income from investment services and ancillary services of Bank Austria:

Brokerage and advisory fees: 0% to 100%.

In the case of investments pursuant to Section 1 (1) 3 of the Austrian Capital Market Act (Kapitalmarktgesetz – KMG) the percentage rates of brokerage and advisory fees depend on the volume sold.

In addition, Bank Austria may receive third-party payments for marketing purposes in connection with the distribution of investment funds and real estate funds. Such payments are used to enhance quality for customers (e.g. by providing high-quality information, for organising customer events, etc.).

When providing investment services and ancillary services, minor non-monetary benefits of reasonable and proportionate amounts are granted in the form of participation in conferences, seminars and other training events, including the provision of food and drink and the provision of product folders for a financial instrument, by Bank Austria to distribution partners and Group companies or by product providers, issuers and Group companies to Bank Austria.

Before providing investment services or ancillary services, Bank Austria discloses to the customer information on the existence, type and amount of the relevant benefit (if the amount cannot be ascertained, the customer is provided with information on the method of calculation) and informs the customer on an annual basis of the actual amount of benefits received and granted.

### 15) Monitoring.

Compliance with the guidelines will be monitored by Bank Austria's Compliance Officer and reviewed by Bank Austria's Internal Audit department.

### Final provision.

This summary of the guidelines implements the provisions of WAG 2018 and of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 concerning information to be provided to customers on the management of conflicts of interest and concerning the disclosure of benefits.

Bank Austria will be pleased to provide additional information on request.