



External Allocation Policy

UniCredit Bank AG

General Considerations

UniCredit Bank AG (UCB) has implemented adequate policies and procedures in relation to the allocation process of any primary securities offerings that UCB is managing as bookrunner. In offerings where UCB is not the bookrunner, UCB will defer to the allocation procedures of the bookrunner/s.

UCB's policies and procedures contribute to ensuring that potential conflicts of interest are appropriately managed, that legal and regulatory obligations are fulfilled and that commercial and client driven sensitivities during the allocation process are conducive to maintaining an orderly market.

Within UCB, our Syndicate desk is solely responsible for all final allocation decisions. However, before conducting the final allocations, Syndicate will always discuss with the issuer its allocation preferences and the main factors that would affect and determine the allocation. The issuer will be kept updated regarding the book-building process to ensure that expectations are managed should the allocation preferences, for any reason, not be met. Eventual allocation decisions will be made in line with these preferences as much as possible.

Any decisions about recommendations to issuers on allocation will only be made by the Syndicate Desk and senior members of the deal team and not by individuals responsible for a sales or trading relationship with investor clients.

In cases where the bank acts as B&D bank, every effort should be made by UCB to obtain confirmation from the appropriate officer of the issuer on the final schedule of allocations. The schedule of final allocations will be forwarded (via email) to the issuer. Syndicate will document the date, time and issuer representative that approves the final schedule of allocations.

Conflicts of interest in the allocation process will be properly managed in line with UCB internal conflict of interest policies and procedures. UCB aims to conduct allocations in a commercially fair manner.

Factors to consider in making allocations

The basic intention of the allocation of the primary issue is to ensure price stability and liquidity in the secondary market. The basis of the final allocation will depend on the particular circumstances, but relevant factors include, although not limited to, the following:

- Specific wishes of the issuer.
- Size of investor's interest and the extent to which this appears consistent with the investor's investment strategy and purchasing capacity.
- The sector/s of the investor's main business.
- The investor's behaviour in past issues generally.
- Nature and level of interest shown by the investor in the issuer and the particular offering.
- The investor's interest and past dealings in the securities of the issuer and of other issuers in the sector.
- Timing of the investor's interest, particularly if it is only expressed at a relatively late stage.
- The intentions of the investor e.g. Syndicate believes that the investor intends to hold the securities as an investment and does not intend to sell the securities immediately.

- The possibility that the investor might be using the offer as a means of building a strategic stake or platform.
- Any indication or reasonable belief that the investor has exaggerated the true extent of its interest in the expectation of being scaled down.
- The category or description into which the investor falls (e.g. retail fund, pension fund, tracker fund).
- The geographic location of the investor, considering any selling, legal and regulatory restrictions that may apply.

Prohibited allocations

The following practices are not be permitted and should not be undertaken in any circumstances:

- “Laddering” or an allocation made to incentivise the payment of compensation in respect of unrelated services.
- “Tie-in” arrangements under which investor clients agree to buy additional securities in the after-market or in future offerings in return for being allocated securities in an offering.
- An allocation which is expressly or implicitly conditional upon the receipt of orders or the purchase of other services from UniCredit by the investor or any body corporate of which the investor is a corporate officer (for example, as an inducement to support other issues)
- “Spinning” arrangements, under which the firm uses an allocation as an inducement to the recipient to award or procure the award, or as a reward for the past award, of other business.
- An allocation to a corporate officer of a potential or existing client for the future or past award of business to the Group.
- Accepting orders, where a smaller allocation is intended to be received by the relevant party, in order increase the potential final allocation.

Internal allocations

When deciding whether to allocate securities to a UCB desk or entity, UCB will always pursue its client’s interests ahead of UCB interest. Any allocation to a UCB internal desk or UCB entity should be justifiable in terms of general allocation principles and internal orders should be handled on an arm’s length basis. Any reductions to internal allocations should be made at least to the same extent as comparable orders.

Allocations disputes

Any allocations disputes between UCB and investors or between UCB and an issuer will be investigated fairly and effectively and the decision communicated to the relevant party as soon as practicable. It is very important to note that Syndicate has a primary duty of care to the issuer in a deal.

In cases of difference of opinion between UCB and the issuer in relation to a particular set of allocations, UCB will consider, among other factors, whether the issuer’s proposals:

- Would not be in the best interests of the issuer (eg. it creates an unstable investor base)

- Favour investors whom UCB believe have overstated their demand or who will not hold on to their holding.
- Include investors whose *bona fides* are in doubt.
- Violate selling restrictions or other legal or regulatory restrictions in certain jurisdictions.