
CONFLICT OF INTEREST POLICY

UNICREDIT BANK AG

AS OF MARCH 28, 2017

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1 INTRODUCTION

UniCredit Bank AG renders services to retail and corporate customers, as well as to financial institutions. Each customer group pursues its own objectives and has different expectations and requirements. It is the duty of the bank to respect the interests of all its clients and to avoid conflicts.

In accordance with the requirements of the German Securities Trading Act (hereinafter called “WpHG”) and the German Investment Services Conduct of Business and Organisation Regulation (“WpDVerOV”), this policy informs about the measures taken by UniCredit Bank AG to avoid conflicts of interest. Further details will be provided to you on request.

Conflicts of interest may arise either due to diverging interests between customer and bank or between customers. In this context, bank does not only mean UniCredit Bank AG but also

- other members of UniCredit Group,
- members of UniCredit Bank AG’s management board,
- employees of UniCredit Bank AG,
- contractually non-tied agents or other parties related to us.

In particular, conflicts of interest may arise

- in the areas of investment advice and portfolio management, from the bank’s own interest in the sale of financial instruments, especially of UniCredit Group’s own products;
- from inducements (e.g. selling commissions/portfolio-based commissions) received from or made to third parties in connection with investment services and ancillary investment services rendered to our customers;
- from performance-related remuneration of employees and agents;
- from business relations of our bank with issuers of financial instruments, e.g. in case of a creditor/debtor relationship, participation in offerings, or cooperation arrangements;
- from the preparation of investment recommendations on financial instruments offered to our customers for purchase;
- from obtaining information which is not publicly available;
- from personal account dealings in financial instruments by the bank’s employees;
- in the course of rendering services to different investors seeking to acquire the same target company;
- from personal relations of employees or members of UniCredit Bank AG’s management board or parties related to such persons;
- from such persons acting as members of supervisory boards and advisory boards.

2 GENERAL PROVISIONS

In order to avoid diverging interests from impacting e.g. advisory services, order execution, portfolio management or the preparation of investment recommendations, we have committed our bank and our employees to high ethical standards. We expect, at all times, integrity, diligence and honesty, lawful and professional behaviour, adherence to market standards, and in particular the consideration of our customers’ interests. These interests always have priority over the interests of UniCredit Bank AG and its employees.

In our bank, an independent compliance function operates under the immediate responsibility of the management board. It is headed by a specifically appointed chief compliance officer. Responsibilities of this compliance function include, among other things, the early identification, prevention and management of conflicts of interest, as well as preventing misuse of inside information and market abuse.

In identifying conflicts of interest resulting from rendering investment services, ancillary investment services or other potentially conflict-relevant services, we will take into account, among other things, whether we, our employees or any third parties directly or indirectly linked to us by control

- are likely to realise a financial gain or avoid a loss at our customers' expense,
- have an interest in the outcome of a service provided to clients or of a transaction carried out on their behalf which diverges from the customers' interest with regard to the outcome,
- have a financial or other incentive to favour the interests of a client or a group of clients over the interests of other clients,
- pursue the same business as clients,
- receive or might receive in the future from a third party an inducement, be it in the form of commissions, fees or other cash or non-cash benefits, in relation to a service rendered to a client, other than the standard commission or fee for that service.

For the early identification and prevention of conflicts of interest, we take the following measures, among others:

- Establishment of organisational procedures for the protection of our customers' interests in the course of investment advice and portfolio management;
- regulations for acceptance and granting of inducements, as well as for their disclosure;
- regulations on sales targets and remuneration;
- establishment of areas of confidentiality by implementation of information barriers, segregation of responsibilities and/or physical separation ("Chinese Walls");
- maintenance of an "insider list" and a "watch list", which facilitate the monitoring of sensitive information inflow, as well as the prevention of abuse of insider information and other compliance relevant information;
- maintenance of a "restricted list" of issuers and securities related to them, which serves to avoid potential conflicts of interest within UniCredit Group by restrictions on its sales, trading, research and other market-based business activities;
- maintenance of a conflict register for the definition, identification and documentation of potential conflicts of interests;
- maintenance of a register for the logging of outside business interests of our employees (e.g. sideline jobs);
- maintenance of a sales targets register for the prevention of conflicts of interest in the course of investment advice;
- continuous control activities by the compliance function (e.g. ongoing monitoring of the bank's proprietary business and personal account dealings of our employees);
- in addition, risk-oriented review and control activities by the compliance function focussing on the implementation of and adherence to regulatory requirements;
- continuous trainings for our employees;
- internal operating instructions, compliance guidelines and policies (e.g. guidelines for gifts and entertainment, guiding principles for personal account dealings);
- restriction of internal information flow according to the "need-to-know principle", for example through constraints on IT access rights;
- maintenance of a whistleblowing system which enables the bank's employees – also anonymously – to call its attention i.a. to fraudulent behaviour and financial crime;
- definition of an escalation process for identified conflicts of interest, in case no mutual consent on the management of such conflicts can be reached between the involved bank-internal parties, as well as for potential reputational risk, which may entail escalation up to board level.

If the organisational and administrative arrangements made by UniCredit Bank AG are reasonably deemed not to be sufficient to ensure that the risk of interference with a customer's interests is avoided, the bank will disclose the general nature and source of the conflicts of interest to the customer before undertaking business on his/her behalf, so that the customer can take the decision in respect of the service offered on an informed basis. If a client classification pursuant to WpHG exists, such disclosure will take into consideration the customer's classification as a retail client, a professional client or an eligible counterparty.

Disclosure will take place only if no other possibility to solve the identified conflicts of interest exists. It is to be made in a meaningful, but anonymised manner in order to maintain business secrecy, banking secrecy and, where applicable, German data protection law versus other clients.

The solution of a conflict of interest may also consist in UniCredit Bank AG abstaining from a transaction causing such conflict.

3 SPECIFIC INFORMATION

3.1 Execution Principles for Transactions in Financial Instruments

In accordance with its obligations pursuant to § 33a WpHG the bank has established execution principles for transactions in financial instruments ("Best-Execution Policy") in order to ensure that the best possible client outcome in the sense of investor protection can be achieved during the execution of unspecified customer orders. Such execution principles are part of UniCredit Bank AG's General Business Conditions and its Special Conditions for Securities Transactions and, therefore, form the basis for the business relationship with the client. The conceptual design and development of the best execution processes as well as their review required by WpHG takes place with involvement of the compliance function. For further information, please refer to the Best-Execution Policy also provided to you.

3.2 Definition of Sales Targets without Conflict of Interest

Sales targets are all policies and objectives which, directly or indirectly, concern the turnover, volume or profit related to transactions recommended as part of the bank's investment advice. This includes measures of the management board or sales management of the business divisions related to the steering of product distribution in the course of investment advice, either on a strategic or product level, but also on the level of sales performance controlling.

Pursuant to § 33 I 3a WpHG, the bank is required to define, implement and monitor sales targets in such a way that the interests of our clients are not adversely affected. To this end, UniCredit Bank AG maintains a sales targets register which facilitates the detection, documentation and monitoring of potential conflicts of interest caused by sales targets in the context of investment advice rendered. Furthermore, the controlling of sales performance in the bank takes place on an aggregated level.

The definition and implementation of sales targets free of conflicts of interest is monitored by UniCredit Bank AG's compliance function via individual activities and advice. For instance, the compliance function is involved in the establishment of the bank's annual strategy and the approval process for new products, in the remuneration committee, as well as in the review of customer information material and internal work instructions.

3.3 Inducements

In connection with rendering investment services or ancillary investment services, UniCredit Bank AG may not accept any inducements from third parties or grant these to third parties that are not recipients of such services, unless the inducement is intended to improve the quality of the service to be rendered to a customer. The inducement may not conflict with the proper rendering of the service in the interest of the customer, and the existence, type and extent or, where the extent can not yet be determined, the manner of its calculation must be disclosed to the customer prior to rendering the investment service or ancillary investment service in a comprehensive, appropriate and easily understandable manner. These requirements are implemented on the part of UniCredit Bank AG, and in particular inducements, both monetary (e.g. commissions and follow-up commissions) and non-monetary (e.g. product trainings, customer information events and marketing material) in the above sense are disclosed to the customer.

Inducements are received or granted by the bank in connection with financial commission business, investment brokerage, contract brokerage, investment advice, security deposit business and portfolio management. Regarding portfolio management, however, monetary inducements will be paid out in full to the customer.

In connection with the retail fund sector, the bank receives trailer fees of up to 60% of the fund's yearly management fees. This corresponds to an average follow-up commission of 0.65% p.a., or a maximum of up to 2.03% p.a. of the respective portfolio value. In connection with the brokerage of securities deposits to third parties the bank receives one-off commissions of up to 6%. In connection with the placement of real assets the bank receives one-off commissions of up to 9%. The bank provides more detailed information concerning monetary and non-monetary inducements at the customer's request.

3.4 Compensation Systems

The compensation systems of UniCredit Bank AG are designed to ensure that the remuneration of the bank's employees does not interfere with its customers' interests. The systems are set up to avoid any incentives which might motivate the employees to place the bank's interests or their own interests above their customers' interests. Particularly, the calculation of variable compensation components is also based on qualitative goals.

3.5 Portfolio Management

Under a portfolio management agreement, the client has delegated the administration of securities including the decision about purchase and sale of financial instruments to UniCredit Bank AG as his/her asset manager. This means that, within the framework of the investment principles agreed upon with the client, the bank takes decisions about purchase and sale of financial instruments without obtaining the client's separate approval for each transaction. This situation may heighten an existing conflict of interest. We counter the resulting risks through appropriate organisational measures, and especially through an investment selection process aligned with customer interests. In the course of portfolio management services, we may receive monetary inducements from third parties. As agreed in the portfolio management contract, we will disburse such inducements to the client.

Another typical conflict of interest in the context of portfolio management may arise from performance-related remuneration agreements. In this context, the possibility cannot be ruled out that the bank employee responsible for the portfolio management will incur disproportionate risks in order to achieve the highest possible performance which, in turn, will result in increased remuneration. We accommodate this factor by organisational segregation of customer advisory and portfolio management, and by not allocating the resulting profits to the portfolio management unit. Moreover, all asset management portfolios are subject to continuous internal monitoring.

Within the scope of portfolio management, investments in financial instruments issued by UniCredit Group are barred, with the exception of mortgage bonds.

In order to achieve the best possible execution of a customer's orders, execution principles for transactions in financial instruments have been defined and implemented (please refer to chapter 3.1). The settlement procedures for order execution and the allocation policy (bulk order vs. partial execution) are explained and defined within the scope of the contractual agreement with the customer.

3.6 Information Barriers ("Chinese Walls")

By implementation of information barriers ("Chinese Walls") between the various areas of confidentiality defined in UniCredit Bank AG, it is ensured that dissemination of confidential information remains limited to the minimum necessary in the normal course of business ("need-to-know principle"). Exceptions from this principle are subject to a specific approval process. In particular, the units of Investment Banking, including corporate finance, capital market activities, financial advisory and other capital raising activities are segregated by physical and non-physical information barriers from Markets units. Furthermore, the Research department is separated from all other business areas of the bank by a Chinese Wall. Within the Markets department, customer trading and proprietary trading are segregated by organisational measures.

3.7 Investment Recommendations and Investment Strategy Recommendations

UniCredit Bank AG has implemented internal guidelines and procedures for the disclosure of possible conflicts of interest when producing or disseminating investment recommendations and investment strategy recommendations, pursuant to current WpHG regulations and the requirements of the Market Abuse Regulation (EU) No. 596/2014. Such disclosure is contained either directly in the disclaimer section of each investment recommendation or can be accessed via a link embedded in the recommendation.

3.8 Credit-financed Transactions in Financial Instruments

Conflicts of interest arising in the context of issuing credit to fund transactions in financial instruments are avoided by legal requirements (e.g. ban on financing of equity instruments issued by UniCredit Bank AG or other members of UniCredit Group) and internal guidelines and work instructions (e.g. lending limits at credit collateralisation).

3.9 Avoidance of Conflicts with the Personal Interests of Employees

In order to avoid conflicts with the personal interests of its staff, UniCredit Bank AG has guidelines in place concerning its employees' personal account dealings in financial instruments.

The employees are also subject to the legal ban on insider dealing and market abuse (Market Abuse Regulation (EU) No. 596/2014) as well as the regulations regarding personal account dealings resulting from the organisational requirements of § 33 b WpHG and § 25 a German Banking Act (“KWG”). In case of colliding interests, the clients’ interests always take precedence over the personal interests of the employees.

Employees in special functions (e.g. financial analysts, traders) who, in the course of their professional duties, regularly obtain information suitable to materially influence the market conditions of securities and derivatives trading, bear special responsibility and are subject to additional requirements (e.g. disclosure of personal dealings in financial instruments). Depending on necessity, trading bans, holding periods or approval requirements for personal account dealings may be imposed additionally.

Persons authorised to make material entrepreneurial decisions, e.g. members of the bank’s management board, are subject to the specific legal regulations (“Directors’ Dealings”).

Furthermore, the employees are obliged to notify the bank of and obtain its prior approval for secondary occupations and other business interests which are not immediately related to their employment relationship with the bank, and which might affect the interests of UniCredit Bank AG or its clients directly or indirectly.

Also, the bank’s employees may neither demand nor accept gratuities or other benefits from third parties which might impair their independence, be it for themselves or for their relatives.

3.10 Representation on Company Boards

In order to avoid conflicts of interest of its management or staff holding mandates with companies outside UniCredit Group (e.g. a seat on a supervisory board), UniCredit Bank AG has established regulations and a formal internal approval process for such activities. For instance, such mandate holders may not be permitted to have influence on certain decisions (e.g. prohibition to exercise his/her personal credit approval authority in cases where an employee holds a seat on the board of directors or another governing body of a borrowing company).

3.11 Shareholdings

Specific regulations are in place with respect to UniCredit Bank’s shareholdings in other companies in order to prevent conflicts of interest within the bank. In particular, decisions about the bank’s acquisition or divestment of shareholdings are taken by its management board. Within the bank, shareholdings are organisationally segregated from credit business. Decisions about granting credit to shareholdings as defined in § 15 KWG (“Organkredite”) are taken in accordance with the requirements of § 15 KWG. At any time, the compliance function is informed about all current shareholdings of the bank. These are also made transparent to the public: The bank publishes the names of its shareholdings on the list of holdings as part of its annual report. Pursuant to the requirements of WpHG, changes in the bank’s shareholdings in entities issuing financial instruments for which the Federal Republic of Germany is the country of origin will be registered without delay and will, hence, be visible on the homepage of the Bundesanstalt für Finanzdienstleistungsaufsicht (Germany’s securities regulatory agency).

3.12 Investment Banking

Within the scope of Investment Banking, conflicts of interest may arise, for example, if the bank is mandated by clients with diverging business interests.

In this regard, UniCredit Bank AG has established a conflict of interest management process with the objective of identifying, documenting and eliminating potential conflicts at the earliest possible stage (i.e. already during the initiation phase of a transaction, and before entering into a commitment towards the involved parties) by means of a dedicated conflict register. A suitable measure for managing such conflicts is, for instance, the transaction-specific establishment of ad-hoc information barriers between the involved deal teams.

3.13 Resolution of Banks and Creditor Participation (Bail-in)

In response to experiences in the 2008 financial crisis, many states adopted rules and regulations according to which banks in danger of default can be duly resolved in future without cost to tax payers. This leads to shareholders and creditors of banks possibly having to participate in their losses in the event of a bank's resolution. The objective is to facilitate the resolution or winding-up of a bank without the use of public funds.

If a customer holds financial instruments issued by the bank (e.g. equities, bonds or certificates) or any contractual receivables against the bank (e.g. individual transactions under a Master Agreement for Financial Derivatives Transactions), the client, in his/her capacity as a shareholder or creditor of the bank, may be held liable already in case of a resolution of the bank pursuant to the national legal requirements based on the so-called Bank Recovery and Resolution Directive "BRRD" as well as the regulation establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Bank Resolution Fund (the "SRM Regulation"). If all conditions for resolution are fulfilled, the responsible national resolution authority can adopt – already prior to an insolvency – extensive resolution actions that may have an adverse impact on the bank's shareholders and creditors (Resolution of Banks and Creditor Participation – "bail-in"). Whether a shareholder or creditor will be affected by the resolution action of the bail-in will depend on the scope of the measure ordered and on the class to which the creditor's financial instrument or debt receivable is assigned. Within the scope of a bail-in, financial instruments and receivables are assigned to different classes and drawn on for liability according to a statutory ranking (referred to as a liability cascade).

Further details on the so-called bail-in and the liability cascade can be obtained from the "Note on resolution of banks and creditor participation (bail-in)" which is available as a printable version in any branch of UniCredit Bank AG and also on the bank's internet website

www.hypovereinsbank.de/bankenabwicklung),

as well as on the internet website of the German Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin")

https://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Merkblatt/BA/mb_haftungskaskade_bankenabwicklung_en.html.

UniCredit Bank AG manages the possible conflict of interest resulting from the bank's own interest in the issuance and sale of products to which the bail-in is applied and the potentially ensuing shareholder or creditor participation in the bank's resolution through such measures as a disclosure to the investors, a suitability assessment and a preliminary approval process for new products, as well as by appropriate training of sales staff responsible for client relationship management.