



Global Policy

Conflicts of Interest

Approving Function Chief Executive Officer

Date September, 2018

Proponent Function Group Compliance

REGISTRY

| | | |
|--|---|---|
| Owner | Group Compliance Risk Assessment & Controls | |
| Process Tree | Process Type: Governance & Control - MG: Risk & Control Framework - MP: Compliance Management - EP: Compliance and mitigation actions monitoring - SP: Identification of control objectives on professional or personal interests | |
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| Holding Company functions involved in the sharing process | F&A, GTB, FIG Advisory And Control Room | |
| | Group Compliance Risk Assessment & Training Operations | |
| | Regulatory Counsel | |
| | Transparency & Market Integrity | |
| | Client Interest Protection | |
| | Markets Advisory And Regulatory Management | |
| | Compliance Monitoring & Controls | |
| | CIB Controls, Market Abuse & PAD Monitoring | |
| | Group Compliance Indirect Model, Oversight & Governance | |
| | Anti Bribery & Corruption And Whistleblowing | |
| | Group Compliance Business Management & Processes | |
| | Group Price Control | |
| | Group Financial Risk Standard & Practice | |
| | Group Procurement | |
| | Group Planning, Finance, Shareholding And Investor Relations | |
| | Shareholding Operations | |
| | Holding Company competent functions certification | Group Compliance Advisory & Country Italy Management |
| Group Organizational Governance & Regulation | | |
| Legal Entities involved in | UniCredit Bank AG; UniCredit Bank Austria AG; Fineco Bank SpA; | |

| | | | |
|---|--|--|--------------------------------------|
| the sharing process | UniCredit Bank Czech Republic and Slovakia a.s.; UniCredit Bank Hungary Zrt.; UniCredit Bank Serbia JSC; UniCredit Banka Slovenija d.d.; UniCredit Bulbank AD; UniCredit Leasing SpA; UniCredit Bank S.A.; Zagrebacka Banka d.d.; AO UniCredit Bank; UniCredit Bank a.d. Banja Luka; UniCredit Services S.C.p.A.; UniCredit Factoring SpA; Cordusio SIM - Advisory & Family Office SpA; SIA Unicredit Leasing; CEE Compliance Coordination; Yapi ve Kredi Bankasi AS; Paris, London, New York, Madrid, Munich, Shanghai / Guangzhou, Abu Dhabi, Munich UC SpA Foreign Branches | | |
| Recipient Legal Entities (minimum perimeter)¹ | Directly controlled LEs | Indirectly controlled LEs² | Other indications³ |
| | Anthemis UniCredit Strategic Ventures LLP; AO UniCredit Bank; Bavaria Servicos de Representacao Comercial Ltda; Cordusio SIM - Advisory & Family Office SpA; Cordusio Società Fiduciaria per Azioni; Crivelli S.r.l.; Fineco Bank SpA; Nuova Compagnia di Partecipazioni SpA; PIRTA VERWALTUNGS GMBH; SIA Unicredit Leasing; Trieste Adriatic Maritime Initiatives Srl; UniCredit (UK)Trust Services Ltd; UniCredit Bank a.d. Banja Luka; UniCredit Bank AG; UniCredit Bank Austria AG; UniCredit Bank Czech Republic and Slovakia, a.s.; UniCredit Bank Hungary Zrt.; UniCredit Bank Ireland Plc; UNICREDIT BANK S.A.; UniCredit Bank Serbia JSC; UniCredit Banka Slovenija d.d.; UniCredit Bpc Mortgage Srl; UniCredit Bulbank AD; UniCredit Services S.C.p.A.; UniCredit Factoring SpA; Unicredit Global Leasing Export GmbH; UniCredit International Bank (Luxembourg) SA; UniCredit Leasing SpA; UniCredit OBG srl; UniCredit Subito Casa SpA; UniCredit Turn-Around Management GmbH; Yapi ve Kredi Bankasi AS; Zagrebacka Banka d.d.; UniCredit MyAgents srl | | |
| Recipient Unicredit S.p.A. Foreign Branches | Paris; London; New York; Madrid; Munich; Shanghai / Guangzhou; Munich UC FIN; Abu Dhabi | | |

¹ Further to the listed Entities, each Entity can distribute the *Global Rule* to additional own subsidiaries

² If needed

³ If needed; e.g. Legal Entity type (banking, financial, instrumental...)

Replaced/revised regulations and main changes introduced

| Replaced/revised regulation | Replaced/ revised regulation date | Reason/Summary of main changes | Change type ⁴ |
|-----------------------------------|-----------------------------------|---|--------------------------|
| GRETEL: UC- 2018-158 IR 1103/3 | 28/11/2018 | <i>Rewording sentences of par 2.1.8.1 and 2.1.9.1 and definition of "close relatives"</i> | <i>Minor change</i> |

Linked Group regulation

| Title | GRETEL Number (for Global Rules only)/ Internal Regulation Number | Brief link explanation |
|---|---|---|
| Global Policy for the management of transactions with persons in conflict of interest | UC-2018-054 IR: 1046/4 | The Rule defines principles for monitoring risks deriving from conflict of interest in the management of transactions with Related Parties/Associated Persons/Bank Corporate Officers. |
| Global Process Regulation - Management of the transactions with persons in conflict of interest | UC-2018-001 IR: 1106/4 | The Rule defines the process that the Holding Company and the Subsidiaries have to follow in the management of transactions with "Persons in conflict of interest" as defined by the Global Policy for the management of transactions with persons in conflict of interest. |
| Global Policy related to shareholdings and indirect equity investments | UC-2015-064 IR: 618/4 | Principles for the management of shareholdings and indirect equity investments |
| Global Operational Instructions related to shareholdings and indirect equity investments | UC 2015-129 IR 983/1 | Main administration processes governing the relations between holding company and controlled companies related to shareholdings and indirect equity investments |
| Global Policy – Market Abuse | UC-2016-029 IR: 1044/2 | The Rule aims at defining the principles, rules and Group standards in order to ensure that the Group complies with the provisions set forth by the Market Abuse Regulation. |
| Global Operational Regulation - Preparation and Distribution of Investment Research | UC-2017-137 IR: 1248 | The Rule establishes: <ul style="list-style-type: none"> • Principles for producing, reviewing and distributing Investment Research; • Rules governing content, valuations, |

⁴ Minor change: recipient Entities' approval not necessary
First release / Replacement: recipient Entities' approval necessary

| Title | GRETEL Number (for Global Rules only)/ Internal Regulation Number | Brief link explanation |
|--|---|--|
| | | <p>recommendations, presentation, plagiarism, disclosures, disclaimers, conflicts of interest management, Research independence, complaints and record keeping;</p> <ul style="list-style-type: none"> • Rules governing specific situations such as contacts with the media, capital markets Research, distribution of third party Research and interaction with other business areas, issuers under coverage and other clients. |
| Global Policy – Group Compensation Policy | UC-2018-069 IR: 1071/3 | The Rule defines principles and rules to be applied to ensure the setting, monitoring and controlling of compensation systems and practices adopted by Legal Entities of the Group. |
| Global Policy - Code of Conduct | UC-2017-055 IR: 1187/1 | The Rule has been written in line with UniCredit 5 Fundamentals and thus with our Group values and lists the principles which all Employees and partnering Third parties of UniCredit must comply with, in order to ensure high standards of professional conduct related to their activity in or on behalf of UniCredit |
| Global Policy - Anti-Bribery and Anti-Corruption | UC-2018-008 IR: 1299/1 | <p>This Rule aims to:</p> <ul style="list-style-type: none"> - clearly articulate UniCredit's commitment to prohibiting bribery and corruption; - define principles for identifying and preventing potential bribery and corruption; - clearly communicate anti-bribery and anti-corruption principles both to internal and external stakeholders; - provide a framework for a Group-wide Anti-Corruption Program. |
| Global Policy - Provision of investment services and activities under MIFID II | UC-2017-130 IR: 1244/1 | This Rule provides UniCredit S.p.A and Group Companies with common standards and minimum requirements when providing investment services and activities falling within the scope of MIFID II, with the exclusion of ancillary services. |
| Global Operational Regulation - Outside Business Interests | UC-2018-098 IR: 1162/2 | This Rule is intended to outline the operational procedures to be followed by employees, with contract under Italian Law, |

| Title | GRETEL Number (for Global Rules only)/ Internal Regulation Number | Brief link explanation |
|--|---|--|
| | | pursuing in their free time, outside business work activities and/or outside business interests which are known to be forbidden unless explicitly authorised by the employer. |
| Global Policy - Outsourcing/Insourcing | UC-2018-023 IR 1304 | The Rule defines the principles and rules at Group level to manage the outsourcing agreements in place and start up new outsourcing/insourcing initiatives. |
| Global Process Regulation Outsourcing Management | UC-2018-024 IR 1305 | The document aims at defining principles and rules for managing outsourcing agreements, renewals, as well as new outsourcing initiatives, both with intra and extra-Group providers |
| Global Operational Regulation – Investment Recommendations | UC-2017-086 IR 1211 | This Rule defines the principles and rules for the framework by which the Group manages its risks in respect of the production and dissemination of investment recommendations as defined in the Market Abuse Regulation and establishes minimum standards to meet necessary disclosure obligations. |

Navigator for recipient Entities/Foreign Branches

| | |
|---|---|
| Sections concerning UniCredit S.p.A. | <i>All paragraphs</i> |
| Sections concerning recipient Entities⁵ | <p><u>Applicable to all Group Companies:</u></p> <ul style="list-style-type: none"> • <i>2.2 Organizational measures</i> • <i>2.3 Disclosure of conflicts of interest</i> • <i>2.4 Record keeping</i> • <i>2.1.6.1 Conflicts relating to shareholdings in non-financial companies and equity indirect investments</i> • <i>2.1.7 Conflicts arising from employees' outside business interests (OBI)</i> • <i>2.1.8 Organizational Conflicts</i> • <i>2.1.9 Conflicts arising from assignment of services and activities to external suppliers</i> <p><u>Applicability of Section 2.1 Types of Conflicts</u></p> <p><u><i>Applicable to Companies providing Banking activities and services</i></u></p> |

⁵ Only the paragraphs/sections listed here must be submitted for approval and implemented by the recipient Entities or subject to calibration requests

| | |
|---|--|
| | <p><i>2.1.6 Conflicts arising from Banking activities and services</i></p> <p><u><i>Applicable to companies providing investment services and/or activities</i></u></p> <p><i>2.1.1 Conflict of interest in the provision of investment services and activities</i></p> <p><u><i>Applicable to companies providing investment banking services</i></u></p> <p><i>2.1.1.3 Business Conflicts</i></p> <p><u><i>Applicable to companies distributing insurance products</i></u></p> <p><i>2.1.2 Conflicts in the Distribution of insurance products</i></p> <p><u><i>Applicable to issuers</i></u></p> <p><i>2.1.3 Conflicts related to the issuance of financial instruments</i></p> <p><u><i>Applicable to companies administering and/or contributing to financial benchmarks</i></u></p> <p><i>2.1.4 Conflicts arising from the administration and contribution to financial benchmarks</i></p> <p><u><i>Applicable to Companies producing or providing investment recommendations</i></u></p> <p><i>2.1.5 Conflicts arising from the provision of investment recommendations</i></p> |
| <p>Sections concerning recipient UniCredit S.p.A. Foreign Branches</p> | <p>Sections applicable to UniCredit S.p.A Foreign Branches:</p> <ul style="list-style-type: none"> • New York: 2.2, 2.3, 2.4, 2.1.3, 2.1.6, 2.1.7, 2.1.8, 2.1.9 • London: 2.2, 2.3, 2.4, 2.1.1.1, 2.1.1.2, 2.1.3, 2.1.6, 2.1.7, 2.1.8, 2.1.9 • Madrid: 2.2, 2.3, 2.4, 2.1.1.3, 2.1.6, 2.1.7, 2.1.8, 2.1.9 • Paris: 2.2, 2.3, 2.4, 2.1.6, 2.1.1, 2.1.5, 2.1.7, 2.1.8, 2.1.9 • Munich: 2.2, 2.3, 2.4, 2.1.7, 2.1.8, 2.1.9 • Munich UC FIN: 2.2, 2.3, 2.4, 2.1.6.1, 2.1.7, 2.1.8, 2.1.9 • Abu Dhabi: 2.2, 2.3, 2.4, 2.1.6, 2.1.1.3, 2.1.7, 2.1.8, 2.1.9 • Shanghai / Guangzhou: 2.2, 2.3, 2.4, 2.1.5, 2.1.6, 2.1.1.3, 2.1.7, 2.1.8, 2.1.9 |

Table of contents

| | |
|--|-----------|
| REGISTRY | 1 |
| INTRODUCTION | 8 |
| 1.1 Purpose and content summary..... | 8 |
| 1.2 Reference external regulation framework..... | 8 |
| 1.3 Recipients..... | 8 |
| 1.4 Glossary and Acronyms | 9 |
| 2 CONFLICTS OF INTEREST PRINCIPLES..... | 10 |
| 2.1 Conflicts of Interest categories..... | 10 |
| 2.1.1 Conflicts of interest in the provision of investment services and activities | 11 |
| 2.1.1.1 <i>MiFID conflicts</i> | 11 |
| 2.1.1.2 <i>MiFID conflicts – Additional requirement</i> | 12 |
| 2.1.1.2.1 Additional general requirements in relation to underwriting or placing..... | 12 |
| 2.1.1.2.2 Additional requirements in relation to pricing of offerings in relation to issuance of financial instruments | 12 |
| 2.1.1.2.3 Additional requirements in relation to placing..... | 12 |
| 2.1.1.2.4 Additional requirements in relation to advice, distribution and self-placement..... | 12 |
| 2.1.1.2.5 Additional requirements in relation to manufacturing financial instruments..... | 12 |
| 2.1.1.3 <i>Business Conflicts</i> | 13 |
| 2.1.2 Conflicts in the distribution of insurance products | 13 |
| 2.1.3 Conflicts related to the issuance of financial instruments..... | 13 |
| 2.1.4 Conflicts arising from the administration and/or contribution to a financial benchmark | 13 |
| 2.1.5 Conflicts arising from the provision of investment recommendations | 14 |
| 2.1.6 Conflicts arising from banking activities and services | 14 |
| 2.1.6.1 <i>Conflicts relating to shareholdings owned in non-financial companies and equity indirect investments</i> | 14 |
| 2.1.7 Conflicts arising from Employees' outside business interests (OBI) | 14 |
| 2.1.8 Organizational Conflicts..... | 15 |
| 2.1.8.1 <i>Appointment of an Employee to multiple managerial roles</i> | 15 |
| 2.1.8.2 <i>Appointment of an Employee to corporate bodies memberships</i> | 15 |
| 2.1.8.3 <i>Conflicts arising from organizational changes</i> | 15 |
| 2.1.9 Conflicts arising from assignment of services and activities to external suppliers | 15 |
| 2.1.9.1 <i>Interests in transactions</i> | 15 |
| 2.1.9.2 Interests in external / Group suppliers..... | 15 |
| 2.2 Organizational Measures | 16 |
| 2.3 Disclosure of conflicts of interest..... | 16 |
| 2.4 Record keeping | 17 |
| 3 ATTACHMENTS | 17 |

INTRODUCTION

1.1 Purpose and content summary

This Policy sets out rules and standard to be implemented by the UniCredit Group for properly detecting, managing and recording conflicts of interest, with particular regard to:

- Conflicts in the provision of investment services and activities;
- Conflicts in the provision of insurance products distribution services;
- Conflicts related to the issuance of financial instruments;
- Conflicts arising from the administration and/or contribution to financial benchmarks;
- Conflicts arising from the provision of investment recommendations;
- Conflicts in the provision of banking services and activities;
- Conflicts arising from employee's personal interests;
- Organizational conflicts;
- Conflicts arising from assignment of services and/or activities to external providers.

The Group provides a wide range of products and services to a diversified client base and consequently it has to face a number of potential conflicts of interest considering the different kinds of relations and Stakeholders like, for example, customers, the Group or part of it, the shareholders, the Authorities.

Failure to manage conflicts of interest properly could lead the Group to reputational risk, legal or regulatory action and sanctions, as well as disciplinary actions against the Relevant personnel.

1.2 Reference external regulation framework

This Rule is issued in accordance with the following main external regulations:

- Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV)
- EBA - Guidelines on Internal Governance under Directive 2013/36/EU (GL 2017/11)
- Directive 2014/65/EU on markets in financial instruments;
- Regulation (EU) No 596/2014 on market abuse (MAR)
- Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds;
- Directive (EU) 2016/97 on insurance distribution
- Legislative Decree no. 58 of 24 February 1998 (as amended), Consolidated Law on Financial Intermediation;
- Italian Civil Code, Articles 2391 and 2391-bis;
- Consob Regulation no. 17221 of 12 March 2010 - Provisions relating to transactions with related parties (as amended);
- Legislative Decree 385/1993 (as amended), Consolidated Law on Banking;
- Bank of Italy Circular no. 263 of the 27th December 2006 New regulations for the prudential supervision of banks (as amended), Title V, Chapter 5, Risk activities and conflict of interest with Associated Person;
- Bank of Italy Circular no. 285 of the 17th December 2013 (as amended), bearing, inter alia, the new prudential supervision regulations on investments that can be held by banks and banking groups.

1.3 Recipients

This Rule applies to all Group Companies based on the type of businesses provided according to the instructions provided in the Navigator.

1.4 Glossary and Acronyms

| Key word | Definition |
|---|---|
| Associated Persons | The set of the subjects as defined by Bank of Italy Circular 263/2006 (Title V, Chapter 5, <i>Risk activities and conflicts of interest with associated persons</i>) |
| Authorities | Any competent Supervisory Authority and Regulators |
| Banking Group | The set of banking, financial and instrumental companies belonging to UniCredit Banking Group, in the composition from time to time in force. |
| Close Relatives | Relatives and relatives by marriage up to the second degree of kinship, as well as the common law married person and his/her sons/daughters. |
| Combined Perimeter | The jointly set composed of Related Parties and Associated Persons |
| Compliance | The Compliance function of each Group Legal Entity |
| Confidential Information | Confidential information, in relation to a legal rather than a natural person, is information that has inherent value to that person and if made public or disclosed to a competitor or external (third) party, could have negative consequences for that person. |
| Conflicts of Interest Matrix (i.e. COI Matrix) | It is the table that defines the types of Conflict of interest created by the combination of Events and Transaction, as listed and described in Attachment 1. |
| Corporate bodies | Board of Directors, Board of Statutory Auditors, Supervisory Board or Management Board and Control Committee, depending on the governance structure. |
| Corporate Officers | The set of the subjects pursuant to Article 136 of the Consolidated Law on Banking |
| Employees | All persons employed on an employment contract basis and tied agents with exclusivity relationship with UniCredit. |
| Events | Are activities and types of relation referable to both the Group and to its Employees, in relation to which potential conflicts of interest may arise. |
| Group | UniCredit Group, composed of UniCredit S.p.A. and of the Group Legal Entities (hereafter also "UniCredit Group") |
| Group Compliance | The Compliance function of UniCredit |
| Group Legal Entity | Legal Entity directly or indirectly controlled by UniCredit S.p.A. (hereafter also "Group Company", "Legal Entity", "Entity", "Company" or "Subsidiary") |
| Holding Company | UniCredit S.p.A. (hereafter also "UniCredit") |
| Information Barriers | Information Barriers (i.e. "Chinese walls") are physical, electronic and organizational measures for managing Inside Information and conflicts of interest in order to comply with regulatory and contractual obligations tied to disclosing Inside Information. Such measures also help to prevent the inappropriate disclosure of such information between structures that might find themselves in conflict of interest. |
| Inside Information | Information as defined in Regulation (EU) no 596/2014 on market abuse (Market Abuse Regulation – MAR Regulation) |

| Key word | Definition |
|-------------------------|---|
| Line Manager | The person in charge of the Employee's direct supervision, as defined by the employing Group Company |
| Organizational Measures | Those measures/interventions suitable to mitigate/neutralize the various applicable conflicts of interest identified as described in the Attachment 1. |
| Related Parties | The set of the subjects as defined by the CONSOB Regulation. ("Regulation providing provisions on transactions with Related Parties" adopted by CONSOB with resolution of March 12, 2010, no. 17221 e subsequent amendments). |
| Relevant Personnel | Employees and Corporate Bodies Members |
| Stakeholders | Different interest holders involved, e.g. shareholders and customers |
| Acronym | Definition |
| COI | Conflicts of interest |
| OBI | Conflicts arising from Employee's personal interests (i.e. "Outside Business Interest") |

2 CONFLICTS OF INTEREST PRINCIPLES

2.1 Conflicts of Interest categories

Conflict of Interest refers to any matter involving the Group, its Relevant Personnel and/or Stakeholders, where either the Group or an Employee is in a position to exploit a professional or official capacity in some way to obtain an undue advantage, for either Group or personal benefit (also potentially to the detriment of the Group) damaging one or more customer or groups of stakeholders.

A conflict of interest exists even if there is only the potential for the appearance of impropriety, even if no unethical or improper act results.

This Rule describes the following conflicts of interest situations:

- Conflicts in the provision of investment services and activities:** conflicts of interest regulated by MIFIDII Directive (i.e. "MiFID Conflicts") and conflicts of interest arising from the jointly provision of MIFID II services and/or activities and other company's services/activities, (i.e "Business COI"). MiFID Conflicts involve Group customers and investment services and activities falling under MiFID II ". For example when the Group grants relevant financing to a company and at the same time distributes financial instruments issued by the same company. Business COI are situations in which two customers' interests or one customer's interest and a Group interest are in conflict against each other and may generate a regulatory breach or reputation risks for the Group or a breach of contractual agreements undersigned by the Group. Business COI could arise, for example, during a corporate finance mandate, being approached by two different clients for advice or project finance services on the same company. For more details please go to paragraph 2.1.1.
- Conflicts in the Distribution of insurance products.** For more details please go to paragraph 2.1.2
- Conflicts related to the issuance of financial instruments.** For more details please go to paragraph 2.1.3.

4. **Conflicts arising from the administration and/or contribution to financial benchmark.** For more details please go to paragraph 2.1.4.
5. **Conflicts arising from the provision of investment recommendations.** For more details please go to paragraph 2.1.5.
6. **Conflicts arising from banking activities and services**, e.g. i) conflict arising towards a person of the Combined Perimeter: for example in case of provision of banking services or activities to a Group Corporate Body member, ii) conflicts relating to owning shareholdings and/or equity indirect investments in non-financial companies: for example in case of management of a major holding in a non-financial company by a Group business line in presence of relevant financing relationship with the same company granted by another Group business line. For more details please go to paragraph 2.1.6.
7. **Conflicts arising from employees' personal business interests (OBI)**, e.g. when an Employee has a material interest in a supplier of the Group and is also involved in the Group's procurement decisions. For more details please go to paragraph 2.1.7.
8. **Organizational conflicts**, i.e. conflicts arising if the same Employee is appointed on more than one relevant role or in case of organizational chart changes modifying the related assigned responsibilities. For more details please go to paragraph 2.1.8.
9. **Conflicts arising from assignment of services and activities to external professionals and suppliers** (including outsourcing). For more details please go to paragraph 2.1.9.

The Group treats clients fairly and equally, both when advising them and when dealing on their behalf. In particular, where Relevant Personnel are aware that they or the Group have a material interest (other than standard commercial relationships with clients) which could influence their relations with clients, that interest must be disregarded and Relevant Personnel must act in the interests of the client.

If a conflict of interest cannot be managed under this Policy, then the conflict of interest must be avoided by, for example, declining to participate in the proposed transaction/activity.

The Group Model for the identification and management of various types of conflicts of interest consists of the following steps:

- Identification of Events/activities pertaining to the Group that could generate conflicts of interest;
- Identification of the types of conflicts of interest as classified by the Group;
- Identification both of the related Organizational Measures suitable to mitigate/neutralize the various relevant conflict of interest types and of the behaviours to implement (e.g. disclosure and/or management);
- Record keeping of conflicts; and
- Controls.

Group Compliance Risk Assessment & Controls is in charge for ensuring the soundness of the Model at Group level.

2.1.1 Conflicts of interest in the provision of investment services and activities

2.1.1.1 MiFID conflicts

Group Companies providing investment services and activities⁶ are required to map the conflicts of interest and the potential ones and to identify the measures aimed at managing those conflicts, where possible (see Attachment 1).

Being the identification of conflicts of interests an ongoing process, each Legal Entity has to implement proper organizational measures granting such a continuous review and monitoring their updating.

Disclosures of conflicts of interest must be made in due advance, in a durable form, and include sufficient details to enable a clients to make an informed decision regarding the Group's service in the context of which the conflict of interest arises. The assessment of which disclosure is more appropriate will depend on the individual facts and circumstances including, for example, the nature of the conflict of interest; the knowledge and experience of the affected parties in relation to each other and the type of transaction.

⁶ As defined by MIFID II Directive on markets in financial instruments

Each Legal Entity that provides investment services must provide/publish on its website a synthetic description of its Conflicts of Interest Policy. Moreover, at any time that the client requests further details, the Legal Entity must provide them in a durable medium or by means of a website.

The Legal Entity Conflict of Interest Policy shall be updated/reviewed at least on a yearly basis by Compliance. The annual reviews will need to be done and catalogued properly with evidence of reasonable thought and consideration having been given to the issues of all conflicts affecting the Legal Entity. Compliance must provide senior management a report on conflicts of interest at least annually.

2.1.1.2 MiFID conflicts – Additional requirement

2.1.1.2.1 Additional general requirements in relation to underwriting or placing

Group Companies that provide advice on corporate finance strategy and underwriting or placing of financial instruments, are required, before accepting a mandate to manage the offering, to implement additional procedures to prevent or manage conflicts of interest that may arise where they place the relevant financial instruments with their clients or with the Group proprietary book.

In cases where a Legal Entity cannot manage a conflict of interest by way of implementing appropriate procedures, the Company shall not engage in the operation.

Group Companies shall perform detailed evaluations where any previous lending or credit to the issuer-client by any Group Company may be used for being repaid with the proceeds of an issue (so called “use of Proceeds”).

2.1.1.2.2 Additional requirements in relation to pricing of offerings in relation to issuance of financial instruments

Group Companies involved in the Pricing of offerings in relation to new issues of financial instruments must have in place procedures, systems and controls to identify and prevent or manage conflicts of interest that arise in relation to possible underpricing or over-pricing of an issue or involvement of relevant parties in the process following the indications on the organizational measures set out in the related Rule (i.e. Pricing Policy).

2.1.1.2.3 Additional requirements in relation to placing

Group Companies placing financial instruments shall establish, implement and maintain effective process and procedures to prevent recommendations on placing from being inappropriately influenced by any existing or future relationships.

Group Companies cannot accept any third-party payments or benefits unless such payments or benefits comply with the inducements requirements laid down by MiFID II.

In particular, Group Companies are required to implement process and procedures in order to avoid:

- an allocation made to incentivize the payment of disproportionately high fees for unrelated services provided ('laddering');
- an allocation made to a senior executive or a corporate officer of an existing or potential issuer client, in consideration for the future or past award of corporate finance business ('spinning');
- an allocation that is expressly or implicitly conditional on the receipt of future orders or the purchase of any other service from the Group Company, or any entity of which the investor is a corporate officer.

2.1.1.2.4 Additional requirements in relation to advice, distribution and self-placement

Group Companies shall have in place procedures, systems and controls to identify and manage the conflicts of interest that arise when providing investment service to an investment client to participate in a new issue, where the Group Company receives commissions, fees or any monetary or non-monetary benefits in relation to arranging the issuance.

2.1.1.2.5 Additional requirements in relation to manufacturing financial instruments

Group Companies must implement and maintain procedures and measures to ensure the manufacturing of financial instruments complies with the requirements on proper management of conflicts of interest, including remuneration.

In particular, Group Companies manufacturing financial instruments must implement a process that shall ensure that ad hoc analysis of potential conflicts of interest are performed to avoid that final clients are adversely affected if they take an exposure opposite to the one previously held by the Group Companies or to the one that the Group Companies want to hold after the sale of the product.

2.1.1.3 Business Conflicts

Business Conflicts are conflicts of interests related also to the provision of investment services that arise within the Group Corporate Investment Banking Division (the "CIB Division"), Group Lending Office and Network's structures dedicated to corporate customers. The services impacted are the following:

- advice to firms (e.g. concerning capital structure, industrial strategy and related matters);
- advice and services relating to mergers and acquisitions of companies (including fairness opinions);
- some financing activities such as leverage, structured and project finance; and
- principal investment activities (including acquisition and disinvestment of shareholdings) as well as debt-to-equity-swap transactions.

The Business Conflicts due diligence shall be performed also in case of clients, both natural or legal persons, potentially involving corporate targets on which Group Companies might have already relationships.

Group Companies must implement processes and procedures in order to identify in advance conflicts of interest, and will make use of the Organizational Measures identified to manage the conflicts properly. Such measures include the disclosure to the customer, for example adding a specific clause to the mandate, relying on the pertinent Legal function in case of need.

2.1.2 Conflicts in the distribution of insurance products

The expanding range of activities that many insurance intermediaries and undertakings carry on simultaneously has increased potential for conflicts of interest between those different activities and the interests of their clients.

Group Companies acting as insurance intermediaries must implement process and procedures in order to ensure that in good time before the conclusion of an insurance contract, clients receive all the information on conflicts of interest and transparency required by the related regulatory framework⁷.

In addition, Group Companies acting as insurance intermediaries, carrying on the distribution of insurance-based investment products, shall maintain and operate effective organizational and administrative arrangements granting to taking all reasonable steps aimed to prevent conflicts of interest from adversely affecting the interests of their final clients. Those arrangements shall be proportionate to the activities performed, the insurance products sold and the type of the distributor.

2.1.3 Conflicts related to the issuance of financial instruments

Group Company issuing financial instruments is required to implement process and procedures in order to grant both an extensive disclosure regarding members of administration, management and supervisory bodies, including description of any conflicts of interest. Such analysis should be performed by Compliance in cooperation with the corporate functions locally in possess of the information required, such as the Corporate Body secretariats and the Legal department.

2.1.4 Conflicts arising from the administration and/or contribution to a financial benchmark

Group Companies acting as administrator or contributor of a benchmark are required to have in place appropriate governance arrangements and controls to avoid conflicts of interest.

Group Companies acting as contributors are potentially subject to conflicts of interest due to discretion exercised in the determination of input data, therefore they must implement process and procedures in order to ensure that those conflicts are managed and that the input data is accurate, consistent with the administrator's requirements and can be validated.

To this purpose, Group Companies shall implement, and periodically verify, adequate processes (e.g. internal arrangements and Chinese walls) to grant the necessary independence of the contributions.

⁷ Art 19 DIRECTIVE (EU) 2016/97 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 January 2016 on insurance distribution

2.1.5 Conflicts arising from the provision of investment recommendations

Group Companies producing or providing investment recommendations must ensure information is objectively presented and disclose any conflicts of interest.

To that purpose, Group Companies must implement ad hoc policies and procedures preventing any unlawful use of investment recommendation and disclosing any conflict of interest at Group level according to the *GOR - Investment Recommendation*.

2.1.6 Conflicts arising from banking activities and services

Group Companies must implement proper process and procedures in accordance with the criteria of sound and prudent management defined by UniCredit, to protect against the risk of compromising the objectivity and impartiality of credit decisions of the Group Companies and other transactions involving persons where the Group has a significant shareholding or involving persons close to decision-making centers of the Group. In particular Group Companies must implement processes to identify and manage potential conflicts of interest arising in the following cases:

- risk activities and conflicts of interest with Associated Persons
- conflicts of interest and definition of rules for the governing of the obligations with Corporate Officers
- conflicts of interest and definition of rules for the governing of transactions with Related Parties
- conflicts of interest related to acquisition and disposal of shareholdings in non-financial firms and in equity indirect investments

Further group standards, related to the identification of such conflicts and to the organizational measures able to mitigate them, are described in the “*Global Policy for the management of transactions with persons in conflict of interest*”, and in the related implementation within Group Companies.

2.1.6.1 Conflicts relating to shareholdings owned in non-financial companies and equity indirect investments

Group Companies must implement proper process and procedures, in accordance with the criteria defined by UniCredit, for identifying potential conflicts of interest between equity investment activities in non-financial firms and other banking activities, in particular the granting of loans. Such Organizational Measures need to be able to prevent or mitigate the risk that:

- decisions related to credit granting or to other transactions with a non-financial firm are conditioned by the fact that the same or another Group Company holds a qualified equity interest in the same firm; or
- the choices concerning the acquisition of qualified shareholdings in a non-financial firm are conditioned by significant financing relationship with such firm or with other firms belonging to its economic group.

Compliance shall put in place processes in order to be promptly informed on qualified shareholding, held by Group Company and the Group, to evaluate potential conflicts between this activity and other banking activities, in particular the granting of loans.

Further details related to the identification of such conflicts and to the organizational measures able to mitigate them are described in the “*Global Policy related to shareholdings and indirect equity investments*” and in the related implementation within Group Companies.

2.1.7 Conflicts arising from Employees’ outside business interests (OBI)

An Outside Business Interest is an Employee’s personal interest in relation to:

- Acceptance of corporate roles in companies outside Group (including positions in Supervisory Authorities, Government offices or order/professional Bodies, Government organizations or public entities, regulated markets);
- Ownership of major holdings;
- Business transactions in which is involved the Group and one among its customers or suppliers;
- professional and managerial external jobs.

The UniCredit Group shall implement internal processes and procedures to collect information on Employees outside business interests.

In particular, in order to avoid conflicts, Group Employees must declare their personal interests. In addition, the Group requires pre-authorization for the acquisition or disposal of interests that may embed a conflict in accordance with the applicable labour law regulations.

2.1.8 Organizational Conflicts

2.1.8.1 *Appointment of an Employee to multiple managerial roles*

The appointment of an Employee to multiple managerial roles within the Group:

- within the Holding Company; or
- in two different Group Companies; or
- in the Holding and in a Group Company

requires the implementation of the following Organizational Measures to mitigate or manage related potential conflicts:

- Define which of the roles taken by that Employee must be considered his/her "main" role, for instance by assigning specific goals within his variable remuneration that discourage potentially biased choices;
- Avoid situations where arbitrations or key decisions with regards to budget, goals and compensations are taken by one of the persons who will be impacted by the same; or
 - Ensure that collective resolutions/decisions regarding or related to budget, goals and compensations are taken with the abstention of Employee having conflicts on such topics.

2.1.8.2 *Appointment of an Employee to corporate bodies memberships*

The appointment of an Employee to a corporate body in one or more Group Companies (controlled or participated only) is evaluated by the competent company functions in line with the regulatory constraints.⁸ The appointment of an Employee to external companies corporate bodies, where the role is held on a personal basis, is regulated by the outside business interests process.

2.1.8.3 *Conflicts arising from organizational changes*

Group Companies must implement internal process requiring the submission to Compliance for a preliminary evaluation of the proposed organizational change (included the creation of new structures), in order to manage potential conflicts that could arise.

2.1.9 Conflicts arising from assignment of services and activities to external suppliers

2.1.9.1 *Conflicts of Interest in transactions*

Group Companies must implement processes and procedures in order to avoid any potential conflicts of interest of employee in performing any business transaction concerning the Group if:

- the employee has the power to influence the outcome of the business transaction; and
- an employee's close relative holds any personal interest in the transaction,; and/or
- the employee can give benefit and/or benefit from it, either directly or indirectly.

Therefore Group Companies must implement process and procedures considering:

- Nature and size of the proposed transaction;
- potential conflicts of interest of Employee in the transaction;
- What is likely to be the Employee's given and/or obtained benefit from the transaction;
- If the benefit is to a close relative of the Employee, what is the nature of the relationship in the family and the level of influence by the Employee;
- if the potential conflict of interest materially impacts the Employee's responsibilities.

2.1.9.2 *Interests in external / Group suppliers*

⁸ In particular art. 2391 of the Italian Civil Code and Bank of Italy Circular 285

The selection of external suppliers is a process particularly sensitive that, apart from risks of administrative and criminal offences like bribery, has to prevent conflicts of interest detrimental for Group Companies and their Stakeholders.

To this purpose, Group Companies shall implement proper processes and procedures for controls any funding provided by the Group to the third parties, and *ad hoc* screening processes for external suppliers according to the *Group Global Process Regulation Outsourcing Management* and the *Global Policy - Anti bribery and Anti - Corruption*.

Further to all applicable Group Rules, these processes should both include pre-defined clauses on conflict of interest to be added to the contracts with the outsourcers even in absence of regulatory obligations on such suppliers and make reference to a questionnaire to collect the main information on the supplier.

Outsourcing covered by *Global Policy - Provision of investment services and activities under MIFID II* must comply with the related external rules and guidelines.

As concerns Group suppliers, the local implementation of Group Rules related to conflict of interests grants the compliance with such regulatory framework.

2.2 Organizational Measures

In order to avoid or at least mitigate the risk of damaging customers' interest, Group Companies have to implement the following types of Organizational Measures.

- formalization of the organizational structure;
- implementation of Group Rules and/or of specific internal regulations;
- definition of specific process and/or function dedicated to conflicts of interest management.

2.3 Disclosure of conflicts of interest

Group Companies have to implement process and procedures for performing on ongoing basis a due diligence on the businesses carried out, in order to identify, avoid, manage and mitigate conflicts of interest impacts according to the provided services and activities.

According to this Policy, each Group Company has to formalize and implement an escalation process for conflicts of interest which shall take into consideration the case the Organizational Measures are not sufficient either to prevent damages for customers, or to ensure them better protection. Such process should take into consideration:

- Structures to be involved in the process (evaluating also the possibility and opportunity to formalize a committee);
- The identification of the conflicts of interest types requiring a managerial decision;
- The formalization of possible specific escalation processes.

Where arrangements to prevent conflicts of interest from adversely affecting the interest of clients are not sufficient to ensure, with reasonable confidence, that risks of damage to client interests will be prevented, before undertaking business on their behalf, Group Companies shall clearly disclose to clients the conflicts of interest's general nature and/or sources, as well as the steps taken to mitigate those risks.

Based on applicable local laws, each Group Company must define which conflicts of interest require disclosure to customers, as well as the appropriate communication wording for such disclosure.

The disclosure of a conflict of interest to a customer does not exempt the Company from its duty to enforce and require compliance with an efficient range of Organizational Measures.

The most appropriate disclosure will be determined case by case depending on: the type of service provided; the nature of the conflict of interest; the reciprocal level of knowledge and experience of involved parties; and all the regulations in force on the product side.

2.4 Record keeping

In compliance with applicable laws and regulations, each Legal Entity must implement and promptly update the “conflict of interest register”, tracking all potential and actual conflict situations, using a dedicated IT Tool, where available, or at least a durable medium.

3 ATTACHMENTS

1. Conflicts of Interest Matrix