

## Summary of **Conflicts of Interest Policy**

### **1. Objective and Scope**

This summary of the Conflicts of Interest Policy serves as a brief summarization of the detailed internal Conflicts of Interest Policy of the Hamburg Commercial Bank AG for external reference. For the avoidance of doubt, for the Employees and Relevant Persons defined below the internal Conflict of Interest Policy is binding.

The Conflicts of Interest Policy serves the avoidance of conflicts of interest, or the appropriate treatment of occurred and potential conflicts of interest at Hamburg Commercial Bank AG (HCOB). The policy involves inter alia a detailed definition of conflict of interest, first principles of how HCOB's seeks to avoid conflicts of interest, organizational measures taken to avoid, monitor and deal with conflicts (incl. processes and responsibilities) and sets out guidelines for training employees on a regular basis to raise awareness. Overall, the policy is embedded in and complemented by HCOB's Code of Conduct, Related Party Transactions Policy and Reputational Risk Policy.

This Policy applies to HCOB AG including all branches and representative offices located in Germany and abroad ("Bank") as well as Group companies ("Companies"), which fall within the Compliance consolidation group and were notified of their relevance regarding conflicts of interest. The Bank and relevant companies, i.e., those included in the Compliance consolidation group, are hereinafter referred to as "HCOB". The group of companies to be included in the consolidation may be subject to change. The companies concerned are accordingly informed by Compliance.

Not all constellations and descriptions of actual or potential conflicts of interest mentioned in this summary occur at any given time within HCOB, have already occurred at HCOB, or will occur in the future. Additionally, not all of the listed services are necessarily offered by HCOB.

### **2. Definition of a conflict of interest**

The Bank is legally required to establish rules and procedures for identifying and preventing conflicts of interest as well as for implementing appropriate control mechanisms by the German Banking Act as well as the German Securities Trading Act. Furthermore, the EBA issued Guidelines on Internal Governance. Additionally, local law and regulation of the branches and related parties regarding conflicts of interest must be obeyed.

A conflict of interest arises when opposing interests collide during the provision of services, business transactions, or other official and unofficial duties, which can impair customer interests as well as the interests of HCOB. Conflicts of interest may arise between different stakeholder groups (e.g., client - Employee) as well as within these stakeholder groups (e.g., between a client and another client).

Relevant Persons must obey the prescriptions of the Conflicts of Interest Policy. The Relevant Persons of this regulation include tied agents of HCOB, their management bodies, shareholders and managing directors. The same applies to all persons who assist HCOB or intermediaries in providing services, such as employees. Also, persons involved in outsourcing services directly investment services or ancillary investment services for the HCOB or intermediaries. Finally, also shareholders of HCOB.

The legislator mentions the following conflict of interest circumstances as non-exhaustive examples. According to these, conflicts of interest may arise particularly if the Bank, its shareholders, Relevant Persons or persons and entities directly or indirectly linked to the Bank due to the rendering of investment or ancillary investment services (together “securities business”):

1. could make a financial gain or avoid a financial loss at the expense of the client,
2. have an interest in the outcome of a service rendered to the client or a transaction executed on behalf of the client, which is distinct from the client's interest in that outcome,
3. have a financial or other incentive to favor the interests of a client or group of clients over the interests of another client,
4. conduct the same business as the client or
5. with relation to receiving now, or in the future, a consideration from a third party beyond the usual commission or fee for services provided to a client setting an incentive in the form of financial or non-financial benefits within the meaning of German Securities Trading Act (WpHG).

Based on the above-mentioned circumstances that indicate the existence of potential conflicts of interest in the securities business, these criteria due to the best practices described within the EBA Guidelines of Internal Governance must generally also be applied in assessing whether there are potential conflicts of interest in executing different banking transactions (e.g. lending business), providing financial services or carrying out other business activities.

Conflicts of interest may arise at HCOB in the case of the exemplary services listed below or because of the circumstances mentioned there (so-called spheres of interest):

- Provision of investment and ancillary investment services by Employees and Relevant Persons
  - Investment advice
  - Investment and contract broking
  - Issue and placement business
  - Financial commission business / proprietary trading on behalf of others
  - Portfolio Management and Wealth Management
  - Advising companies
  - Safe custody business
  - Foreign exchange transactions related to investment services
  - Services relating to the issuing business
- Asset management
- Banking business
  - Lending business
  - Other banking business
- Execution of other banking transactions and provision of other financial services
- Services of a capital investment company and a custodian bank
- Proprietary transactions of the Bank or its subsidiaries
  - Proprietary business interests in financial instruments
  - Shareholdings
  - Equity holdings in real estate
  - Subsidiaries and affiliates
- Personal account dealing of Employees
- Mandates and sideline activities
- Other private financial interests

- Shareholdings in partnerships and corporations
- Equity investments in closed-end funds
- Real estate activities
- Private interests in the lending business
- Other economic interests
- Inducements to and from third parties (including commissions, fees, other cash payments and all payments in kind)
- Gifts and invitations as well as other benefits
- Remuneration
- Business partners
- Competition
- Sales guidelines
- Lack of independence and improper influence
- Personal and business relationships incl. Related Parties

According to the Conflicts of Interest Policy, the term compliance-relevant information within HCOB comprises all materially significant confidential or unpublished information in conjunction with customers or business activities, unless it is an insider information.

The list of examples above is not exhaustive or final. It always depends on the circumstances of the individual case.

### **3. Principles**

#### *Identifying conflicts of interest*

Employees and Relevant Persons must identify and acknowledge conflicts of interest at the earliest opportunity to appropriately address them. When undertaking official responsibilities, Employees and associated parties must therefore exercise due care and consideration, taking into account available and known information, to determine whether circumstances exist that may create a conflict of interest.

#### *Reporting suspicious cases*

Employees and relevant persons must immediately report any conflict of interest or set of circumstances to Compliance if it is objectively identified that such conflict or circumstances could potentially harm the interests of a client or the Bank and/or its affiliates. This includes reporting requirement applies to conflicts of interest that arise from non-work related circumstances of the employees (e.g. private mandates, personal or business relationships) that become known in the course of their employment or may influence their work.

#### *Avoiding conflicts of interest*

The overriding principle is to avoid conflicts of interest. If Employees, Relevant Persons, or Related Parties identify actual or potential conflicts of interest, the relevant department, and Compliance if needed, will determine if organizational or other actions can prevent issues. This involves constant adherence to prioritizing clients' interests over the Bank's interests, and the Bank's interests over Employees' interests. The goal is to identify any scenarios that could compromise clients or the Bank and address them proactively through mitigation efforts before problems arise.

To prevent conflicts of interest from arising, departments must take appropriate organizational measures to identify and prevent conflicts of interest as necessary within their

areas of responsibility. These measures should be implemented to both prevent and resolve any conflicts of interest that may occur. The measures should aim to:

- Establish arrangements to effectively prevent or manage the exchange of information between employees and/or relevant persons, whose activities could cause a conflict of interest, if such an exchange could damage a client's interests.
- Ensure Employee or Relevant Person compensation is not dependent on the compensation of other employees and Relevant Persons performing divergent functions, or on bank revenues or bonuses generated by them if both activities could trigger a conflict of interest.
- Prevent improper influence from being exerted on employee or relevant person activities.
- Prevent or manage Employee or Relevant Person involvement in various investment or ancillary investment services within a narrow time frame if such involvement could impair the proper management of conflicts of interest.
- Separately monitor Employees or Relevant Persons who safeguard potential conflicting interests, particularly of clients and the bank, as part of their main activities.

The Bank shall implement measures to prevent conflicts of interest based on the principle of suitability. In assessing suitability, the Bank shall consider the risk and significance of potential harm to client or Bank interests, the likelihood of such a conflict arising, the risk of recurrence where applicable, and the time and costs required for implementation.

To avoid conflicts of interest related to transactions between related parties (i.e. legal entities within the corporate group, parent, or subsidiary companies), the Bank shall adhere to arm's length standards consistent with independent party transactions.

### *Separation*

Separation prevents conflicts of interest by shielding confidential information from different stakeholder groups. If acquiring information could create a conflict, separation is required at the team, department, division, or management level. This protects confidential details that could harm clients if known to both sides, like during competing takeover bids.

If a conflict arises, the affected area must notify Compliance. They also take steps to properly separate information through screening, as needed to prevent potential damage. This shields confidential details from each other between conflicting stakeholder groups.

### *Disclosure of conflicts of interest*

Disclosure of conflicts of interest should only be used as a last resort to protect customers. If organizational measures are insufficient to avoid risks to a client from an unavoidable conflict during transactions, the department must clearly disclose this conflict to the affected client(s). Disclosure is necessary to continue the transaction but should only be used as a last option. Even then, the client's interests must still be suitably protected.

### *Withdrawal*

If an unavoidable conflict of interest may damage a client or the Bank, the departments must review whether to withdraw from the transaction. This must be reviewed if the conflict could harm clients or pose legal, reputational, or liability risks for the Bank. Beforehand, assess if disclosing the conflict adequately safeguards the client's interests.

#### **4. Tasks, competences, and responsibilities**

##### *Organizational arrangements to prevent conflicts of interest*

HCOB has adopted principles and put arrangements in place that are used to identify and prevent conflicts of interest and support Employees and Relevant Persons in identifying conflicts of interest and their prevention. These organizational measures for preventing conflicts of interests as well as the obligations of Employees and Relevant Persons to identify and prevent conflicts of interest are described below.

##### *Notification of compliance-relevant information*

Departments and employees must report compliance-relevant information regarding potential conflicts of interest to the Compliance team. In the case of dependent branches outside of Germany, the information should also be reported to the local compliance officer, if applicable. This allows the company to identify conflicts of interest early. Compliance-relevant information can include details on current or planned business activities. It also covers individual activities, which alone do not pose conflicts. However, combined with other activities, they could trigger conflicts. This applies to both present and past constellations connected with previous employments within the last 5 years. The goal is to proactively manage conflicts for all business units and staff.

##### *Independent Conflict Check*

Prior to carrying out the following activities, an independent conflict check must be performed in advance by the relevant Employee or Relevant Person:

- Personal account dealings
- Investment advice, especially if a client transaction follows from this (brokerage transaction or proprietary trading).
- Portfolio management or
- Proprietary transactions (for the Bank's own account).

The independent conflict check includes the following steps:

1. Check against the Restricted List. The planned transaction may not be carried out where there is a corresponding entry on the list.
2. Check whether information relevant to a conflict of interest or a conflict of interest arises as part of the planned activity. Compliance is to be involved in these cases.

The Restricted List provides information on temporary restrictions for certain financial instruments and issuers. Trading bans also apply to related derivative instruments. Restrictions may prohibit all investment and employee transactions involving the restricted financial instrument.

#### **5. Organizational measures**

This section outlines organizational measures to prevent conflicts of interest at HCOB and its departments.

##### *Organizational structure, process organization and organization of regulations and instructions*

In organizing their departments and in the event of any changes to these organizational structures, HCOB's business units must ensure that measures are in place to prevent conflicts of interest e.g., definition of reporting lines or separation of functions.

### *Determination of confidentiality areas*

HCOB has established confidentiality areas (Ethical walls) to limit information flow and prevent improper use of information. Unless otherwise notified, the smallest organizational units define these areas. Confidentiality areas generally include senior management and the Board, though exceptional circumstances may make their involvement unnecessary or impossible. Any exceptions must be reported to Compliance along with documentation by the employee.

### *Measures and characteristics required to maintain confidentiality areas*

When organizing office space, relevant departments and relocation managers must consider compliance rules. The building, office layout, and seating plan should limit information flow. If activities within an area are combined with others, the department must review legal separation requirements with Compliance as needed.

### *Information sharing and communication*

HCOB's leadership, managers and relevant staff are made aware regarding sharing compliance-relevant information. Information may only be shared if the recipient has a legitimate need to know and it is limited to what is necessary (Need-to-know-principle). Sharing must not create conflicts of interest for the recipient. Recipients are notified about such information, and code names are used for compliance projects and transactions.

### *Training*

Training courses are a suitable way to raise awareness among employees, especially compliance-relevant employees, of identifying and preventing conflicts of interest proactively. Compliance-relevant employees, whose roles may create conflicts, will be trained by HCOB every three years through targeted training. All HCOB employees must attend these trainings when requested by Compliance. Business unit leaders and other managers reporting directly to the Management Board ensure attendance of employees in their divisions.

### *Conflict of interest measures in Compliance*

HCOB's Compliance department has established a conflicts-of-interest-register to identify potential conflicts early. The register contains compliance and conflicts of interest information to flag circumstances that could present conflicts. Compliance performs conflict checks and preliminary reviews by comparing situations to the register's data. Additional sources may be included in the identification system if needed.

### *Monitoring*

HCOB has implemented ongoing monitoring of potential conflicts of interest to identify and manage any actual conflicts that may arise.

### *Prevention and breaches*

All Employees and Relevant Persons are requested to promptly report to Compliance (suspected) breaches of the rules occurring within HCOB in connection with conflicts of interest.

### *Responsibilities*

Employees and relevant persons at HCOB must implement and comply with HCOB's Conflicts of Interest Policy. Each person is responsible for identifying and managing conflicts within their own area. Management Board members, managers, and division heads have

responsibility to identify, prevent, and properly manage conflicts. Management must be fully involved in identifying and resolving any conflicts.

#### *Roles and tasks of Compliance*

Compliance oversees managing conflicts of interest in a neutral, independent manner. Its primary role is monitoring adherence to legal/regulatory requirements and assessing internal policies/arrangements for managing conflicts. Compliance advises and assists the Bank, companies, employees, and relevant individuals in identifying conflicts, implementing measures, and complying with rules for managing conflicts of interest.

#### *Reporting*

The Compliance Department provides monthly reports on matters related to potential and actual conflicts of interest to the CRO. Additionally, there is a quarterly reporting of these matters to the Bank's management board, and an annual reporting to both the management board and the supervisory board.

#### *Whistleblower system*

If you, as a reader of this summary, have noticed circumstances that seriously doubt the implementation of the above requirements and you have concrete indications of a violation of these regulations, the whistleblowing system of Hamburg Commercial Bank is open to you. You can find the corresponding contact details, also anonymously, on the homepage of Hamburg Commercial Bank under Contact > Whistleblower System.

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