

PRINCIPLES FOR HANDLING CONFLICTS OF INTEREST AT VARENGOLD BANK AG

As of: 18/07/2017

Varengold offers financial services in dealings with various groups of customers (private and commercial customers). These relate to different financial products. This is how conflicts of interest may result from the fact that Varengold does not perform its services exclusively for the principal, but also for third parties whose interests may collide with those of the principal and that Varengold has a commercial interest in concluding business with the customer. Such conflicts of interest cannot always be excluded in advance. In accordance with the requirements of Wertpapierhandelsgesetz, we therefore inform you below on these possible conflicts and our measures for dealing with such conflicts of interest.

A. HOW CONFLICTS OF INTEREST DEVELOP

Conflicts of interest may arise between Varengold Bank AG (hereinafter also referred to as 'Varengold' or 'the Bank'), our management, our employees, tied agents or other persons associated with our company and our customers, or between our customers.

Conflicts of interest may arise in particular:

- a) because Varengold does not provide its services exclusively to the principal, but also to third parties. Their interest may collide with the principal's interests. Although Varengold uses its best efforts to avoid such conflicts, it cannot be excluded that this might fail in the individual case. If such conflicts occur, the risk that they are settled at the principal's expense cannot be excluded;
- b) on account of Varengold's interest in high transaction volumes in the financial instruments chosen and traded in by the customer and on account of the remunerations for Varengold resulting from these transactions;
- c) on account of performance-related remuneration of employees or the granting of additional payments to or by these persons (for example, financial benefits);
- d) in the case where the Bank might receive payments from third parties (for example, sales renewal commissions) for securities transactions (but this is not foreseen at the time these principles are drawn up);
- e) on account of the receipt of information not disclosed to the public;
- f) on account of other business activities of Varengold, in particular on account of the Bank's interest in profit from trading for own account and the sale of own (issued) financial products;
- g) on account of Varengold's interest in the sale of its own financial products due to internal incentives, performance-related remuneration schemes and the granting of additional payments;
- h) on account of personal relationships of the Varengold employees or the management or the affiliated persons or the participation of these persons in supervisory or advisory boards;
- i) on account of the relationship of our Bank with issuers of financial instruments and productions, for example in case of assistance in launching issues or cooperation.

Varengold will provide you with further details on these principles upon request.

B. MEASURES FOR AVOIDING CONFLICTS OF INTEREST

Both Varengold itself and its employees have set high standards in order to avoid the influence of inappropriate interests on the execution of customer orders. These standards include the observation of market rules in continuous consideration of the customer's interest, as well as legal and professional action. As a matter of principal, the customer's interest has priority.

To this effect, the following measures have been taken in particular:

- An independent compliance department is responsible for constantly monitoring possible conflicts of interest, which are recorded and monitored internally in a conflict of interest matrix, and is involved in the detection of conflicts of interest;
- Keeping an insider list for controlling sensitive information, as well as for preventing abuse of insider knowledge;
- Establishing the remuneration principles in the Bank's remuneration arrangements;
- Rules governing the acceptance and granting of benefits, as well as their disclosure;

- Employees who may be subject to conflicts of interest in the context of their activity are obliged to disclose their securities transactions to the compliance department;
- Staff training;
- Creation of new and maintenance of existing areas of confidentiality. For this purpose, individual areas within Varengold are physically separate from each other.
- Implementation of a licensing process for new products involving all relevant specialist areas.

Furthermore, we will permanently improve the internal controls and measures for avoiding conflicts of interest. If the measures described above are not enough to avoid the risk of a negative effect, Varengold will explain to you the general type and source of the conflict of interest before executing a business. As the case may be, we will abstain from giving advice or recommendation with respect to the financial product concerned.

These principles are regularly checked – at least once a year – for relevance and adapted if necessary.

We will be happy to provide further details on the handling of conflicts of interest on request.