

Dealing with conflicts of interest at Baader & Heins Capital Management AG

Baader & Heins AG lives on the trust of customers, the public and its own employees in respect of the company's integrity, fairness, reliability and the quality of its services. We therefore appreciate the trust you place in Baader & Heins AG to conscientiously deal with sensitive information. Such trust is largely conditional on the conduct of our executive personnel and employees. As a customer of Baader & Heins AG, you can always expect our employees to render services with the best possible expertise, care and conscientiousness, and to safeguard respective customer interests. To that end, the company has put in place rules of conduct to further strengthen the trust placed in us by our customers as well as to ensure that statutory and supervisory law requirements are adhered to on an ongoing basis. These rules of conduct are a permanent fixture in respect of our business activities. You can therefore expect our employees to exercise due care and integrity, act lawfully and professionally and abide by valid practices and market standards at all times.

By way of our principles for addressing conflicts of interest, we implement these rules of conduct when it comes to rendering securities services and subsidiary services. A conflict of interest usually occurs when a customer commissions a contract with us, and the customer's expectations in respect of properly executing the contract encounter other market participants supported by us with interests to the contrary. However, such differing expectations in respect of executing a contract cannot be completely ruled out because we execute broking contracts for a variety of customers. A conflict of interest can call into question the professionalism and reputation of our company. We have therefore taken appropriate precautions to identify such facts early on and therefore act appropriately.

Below we draw your attention to specific potential conflicts of interest in our company, and demonstrate how we address such situations.

At present, the following conflicts of interest may arise at Baader & Heins AG:

Between customers and

- a) Baader & Heins AG
- b) The employees of Baader & Heins AG, including the Management Board
- c) External companies and persons affiliated with Baader & Heins AG as a result of contracts
- d) Other customers

In the case of the following securities services and secondary securities services offered and rendered by Baader & Heins AG

- a) Investment brokerage
- b) Investment consulting
- c) Proprietary business

in particular relating from personal relationships of Management Board members or employees of Baader & Heins AG (and persons associated with the company)

- With issuers of financial instruments
- With employees of issuers of financial instruments (e.g. as customers of the company)

Furthermore, a conflict of interest may arise when Baader & Heins AG

- Enters into business transactions with the parent company Baader Bank AG.

A conflict of interest may also arise if

- Baader & Heins AG or individual employees of the company are in possession of information that is not in the public domain (insider information)
- Employees receive profit-oriented remuneration.

The Management Board of Baader & Heins AG has created a Compliance Organisation to largely prevent and address conflicts of interest. The Compliance Division is permanently entrusted with the task of managing conflicts of interest. Compliance employees are independent, and can therefore perform their tasks in a neutral capacity and without instructions. If the risk of a considerable influence from customer interests cannot be ruled out with reasonable certainty, Compliance will inform our customer of the type of conflict. In this respect we draw your attention to the fact that Baader & Heins AG does not undertake to disclose a considerable own interest or interests of our employees – insofar as our organisational measures are sufficient – to prevent the risk of a detrimental effect from customer interests. Our Compliance Organisation includes the following preventative measures to protect and safeguard customer interests:

- a) Bank employees are regularly trained. They undertake to report facts with the potential to create a conflict of interest, insider information and unusual business transactions without delay to Compliance. Insider business transactions and price rigging are strictly prohibited.
- b) As a general rule all employees are strictly prohibited from forwarding sensitive information from one confidentiality area to another area within the company, the Group or to outside parties. Exceptional cases must be reported to Compliance. This procedure guarantees targeted control and monitoring of insider information and detailed knowledge of the persons involved.
- c) Employees undertake to disclose all their private securities transactions insofar as this is requested by Compliance for a justified reason.
- d) Employees undertake to inform the Compliance Division of donations and the offer and acceptance of gifts.
- e) Employees are not permitted to take part in so-called “Friends and Family Programmes”.
- f) Customer files are processed in the sequence in which they are received.
- g) Compliance itself is reviewed regularly by way of an internal review, a Group Compliance Organisation and by external auditors.
- h) Compliance reports to the General Management and Supervisory Board at least once a year with details of adherence to authoritative requirements and any irregularities.

If conflicts of interests cannot be avoided in individual and exceptional cases by way of the division of tasks described above, or by the Compliance Organisation, customers are informed of the respective conflict of interest. Customer orders always have preference over own trading transactions by the company or employee transactions.

Should you have any further questions about the way we address conflicts of interest, please contact our Compliance Division at the following email address: markus.britzl@baaderheins.de.