

Conflicts of Interest Policy

Bank of China Limited Zweigniederlassung Frankfurt am Main Frankfurt Branch (Version as of October 2020)

1. Introduction and Purpose of the Policy

In accordance with the Markets in Financial Instruments Directive ('MiFIDII'), Regulation (EU) No. 600/2014 on markets in financial instruments, other relevant regulations and security trading act on central administration, internal governance and risk management and other relevant laws and regulations, Bank of China Limited Zweigniederlassung Frankfurt am Main Frankfurt Branch and its branches (collectively the "Bank") are required to take all appropriate steps to identify and to prevent or manage conflicts of interests. The key information is summarized in this Conflicts of Interest Policy (the "Policy").

From time to time, the Bank, including its directors, managers, employees (hereinafter all together "a staff member" or "staff members" or "staffs"), or an affiliated or related company may have interests which conflict with the Client's interest or with the duties that the Bank owes to its Clients. These include conflicts arising between the interests of the Bank, their associates and employees on the one hand and the interests of the Clients on the other hand and also conflicts between Clients themselves. There may also be conflict of interests between the Bank and its staff members (in the course of carrying out their duties conferred by the Bank), other legal entities of BOC Group or other related parties.

The Policy has been designed and implemented by the Bank in order to manage the risks of the Bank and/or its staff when handling conflicts and to ensure that a conflict of interest does not adversely impact the interest of the customers, the Bank or other stakeholders.

The Policy will take immediate effect and must be adhered to at all times by all staff. The purpose of this Policy is to:

- Outline the Bank's policy on conflicts of interest;
- Ensure staff awareness on how to identify, report, handle and record conflicts;
- Underline situations of inducements and conflicts caused by remuneration/incentive;
- Ensure that customers are treated fairly when conflicts arise;
- Identify circumstances, which may give rise to conflicts of interest entailing a material risk of damage to the interests of the Bank's clients, the Bank or other stakeholders.

Important: All staff members must follow the Bank's appropriate guidelines in order to identify, report, handle and record conflicts. If the Bank identifies that a member of staff has not properly followed the Policy, the matter will be taken very seriously and will lead to disciplinary action, up to and including dismissal.

2. Types of Conflicts of Interest

2.1 Conflicts of interest between the Bank and a Client can arise in a variety of ways, which may cause damage to the interests of a Client and may include the following situations:

- A staff member or any appointed representative of the Bank has a personal interest in a transaction or an arrangement to which a Client is party.
- The Bank is involved in a transaction, acting on its own behalf, to which a Client is party.
- Providing advice/guidance to two or more Clients that are involved in the same transaction.
- Making a financial gain, or avoiding a financial loss, at the expense of the Client.
- Having an interest in the outcome of a service provided to the customer or of a transaction carried out on behalf of the Client, which is distinct from the Client's interest in that outcome.
- Having a financial or other incentive to favor the interest of another customer or group of customers over the interests of the Client.
- Carrying out the same business as the Client.
- Receiving or will receive from a person other than the customer an inducement in relation to a service provided to the customer, in the form of monies, goods or services, other than the standard commission or fee for that service.
- Undisclosed commission is paid to the Bank in relation to a transaction undertaken on behalf of a Client.

2.2 Conflicts of interest between the Bank and its staff members, other legal entities of BOC Group and other related parties may include but not limited to the following situations:

- A staff member has the authority or opportunity to impact the Bank's decision making in a manner that leads to personal gain or advantage for the staff member or his or her family member or close associates.

- A staff member's engagement in an activity or relationship with another person impairs or may impair their judgment, willingness or objectivity in carrying out his or her duties and responsibilities in the Bank.
- A staff member's interest in a particular activity differs from the Bank's interest.
- Any conflict arises in connection with transactions or arrangements between the Bank and other BOC entities or other related parties.

3. Preventing and Managing Conflicts of Interest

3.1 The Bank has a management structure in place, including separation of functions, appropriate reporting lines and internal separation, that have been designed in order to ensure that the possibility of any conflicts of interest are minimized and if they do arise, that they are appropriately managed, which include:

- Information barriers (internal separation) on the basis of "Need to know" principle.
- Electronic separation through separation of e-mails and computer access.
- Physical barriers, locating different departments of the Bank on different floors of the building.
- Identification and separation of conflicts when they arise.
- New products and services are reviewed before launch and any potential conflicts are considered.
- Personal Account Dealing Policy for staff to follow.
- Gifts, Benefits and Entertainment Policy for staff to follow.
- Staff members are required to disclose any outside interests, such as directorships and second jobs.
- Remuneration Policy taking into account of the topic of conflicts of interest and not prevent staff to act in the best interest of clients.
- Independent management structures and reporting lines, which can report to General Management.
- Internal Transaction Management Measures for staff to follow. Internal transactions refer to the transactions conducted between the Bank and other affiliates of Bank of China Limited (including subsidiary companies).
- Connected transaction management policies and procedures for staff to follow.

Connected transaction refers to the transactions between the Bank including its subsidiaries and a connected party who is in a position capable of controlling the Bank or exerting significant influence on the Bank, e.g. an individual or an institutional entity holding or controlling 5% or more shares of Bank of China Limited (“BOC”), or top management members of BOC (such as directors, supervisors and chief executive officers of BOC, senior management members of the tier-one branches), or family, relatives of, or entities controlled by individual connected parties.

- Market Abuse Policy for the staff to follow.

All communications between the two sides of an information barrier is considered as a third party external communication. The following measures must be taken with regard to this kind of information:

- Addressing the communication to the right persons;
- Avoiding to forward emails whose historic may be compromising;
- Confirming by written email the content of all telephone conversations;
- Paying attention when transmitting confidential information and/or documentation;
- Avoiding transmitting legal, tax, strategic advice from one side to the other of the wall without obtaining the prior approval of an authorized person.

In the unlikely event of a conflict arising, the management structure will allow the Bank to control the incident, manage the conflict and prevent the risk of damage to the interests of the Client and that the Client is treated fairly at all times.

3.2 All staff members have the responsibility in identifying, and reporting conflict of interests or potential conflict of interests, whether or not directly involved in the conflicting situation. Once a conflict of interests or potential conflict of interests has been identified, the staff must immediately advise the Compliance function and/or the Head of relevant Department of the Bank of the conflict, including details on:

- All Clients or other stakeholders involved and, if applicable, the names and details of any beneficial owners, trustees or directors involved.
- The departments and staff involved.
- The nature and purpose of the transaction(s) or activities.
- The reasons for believing a conflict may exist.

The Head of each department have the responsibility in identifying, properly documenting in conflicts of interest register and managing conflict of interests or potential conflicts of

interest in their department. If the department Head believes there exists a conflict of interest, compliance should be consulted.

3.3 Members of authorized management and the board of directors, who are subject to a conflict of interest, shall promptly inform the authorized management or the Board on their own initiative.

3.4 Compliance function will assess the information presented and will decide if a conflict of interest exists, determine all parties concerned and consider how to manage the conflict and how to prevent the potential risks of damage to the interest of Clients, the Bank or other stakeholders

The Bank shall take all possible actions to prevent conflicts of interest and adverse impact. The Bank may decline to act in circumstances where there is risk or damage to the interests of the Client, the Bank or other stakeholders.

Following this assessment, and provided that Compliance function is considering that there is a conflict of interest, Compliance function will report it to the General Management.

3.5 If the Bank's procedures and controls may not be sufficient to prevent conflicts of interest from arising or to ensure that a potential conflict of interest does not damage the client's interest, upon approval of the General Management, the Clients impacted will be notified in writing of the conflict of interest. This notification shall be sent in a durable medium to the Client as soon as possible and before continuation of the relationship. The notification shall take into account the nature of the client receiving it, and shall include all the relevant details of the conflict, the risks it engenders for the client or service, and the steps taken to mitigate the risk.

Notification of the conflict of interest will allow the Client to make an informed decision with respect to the service/transaction impacted. The Client will be asked to respond as soon as possible and confirm whether or not he wishes to continue the relationship with the Bank.

If the Client gives his consent to continue the relationship with the Bank, the Bank will ensure that the conflict is appropriately managed internally and will continue to provide the services to the Client in accordance with his instructions.

If the Client does not give his consent to continue the relationship with the Bank, then the Bank and the Client will close out the existing transaction(s) and cease their relationship.

3.6 An individual transaction or a series of transactions with employees, managers, directors, other BOC entities or other related parties that have or may have a significant or negative impact on the risk profile of the Bank, should be submitted to the Board for approval.

Any material change in the significant transactions carried shall be brought to the attention of the board of directors as soon as possible.

Transactions with related parties shall be carried out in the interest of the Bank. The Bank's interest is not met where transactions with related parties:

- are carried out on less advantageous terms (for the Bank) than those which would apply to the same transaction carried out with a third party (at arm's length);
- impair the solvency, liquidity situation or risk management capacities of the Bank from a regulatory or internal point of view;
- that exceed the risk management and control capacities of the Bank;
- are contrary to sound and prudent management principles in the interest of the Bank.

4. Conflicts of Interest register

The Compliance function shall manage a "conflict of interest register" that may include a list of the current and potential conflicts of interest in order to identify all the actual and potential sources of conflicts. Each department should timely update the Register to correctly reflect the conflicts of interest situation identified.

The conflicts of interest register is used to record all the possible situations in which Conflicts of Interest may arise, and details on conflicts of interest that have been identified. These details include the parties involved, the reasons for the conflicts, and all the relevant information on the procedure undertaken in order to manage the conflicts of interests.

Conflicts of interest will be notified to the General Management, with details on how the conflicts are being managed, along with a progress report on any ongoing conflicts.

5. Other requirements

The Compliance function shall make annual reports to the management on conflicts. This policy shall be reviewed by the Compliance Function at least annually.