



## **Principles Regarding the Handling of Conflicts of Interest**

February 2019

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## 1 General Information

mwb fairtrade Wertpapierhandelsbank AG ("mwb fairtrade AG") carried out comprehensive precautionary organizational measures in order to prevent potential conflicts of interests and/or unavoidable professional conflicts of interest.

## 2 Possible Conflicts of Interest

Conflicts of interest may exist between the various divisions of mwb fairtrade Wertpapierhandelsbank AG, other companies in the mwb fairtrade Wertpapierhandelsbank AG group, management or the employees of mwb fairtrade Wertpapierhandelsbank AG and our customers or between the interests of our customers in the case of the following (ancillary) securities services:

- Principal brokerage business (acquisition or sale of financial instruments in one's own name for third party account)
- Proprietary trading (acquisition or sale of financial instruments in one's own name as a service for others)
- Contract brokerage (acquisition or sale of financial instruments as an agent for third party account)
- Investment brokerage (brokerage of business with regard to the acquisition and sale of financial instruments)
- Issuing business (underwriting of financial instruments for one's own risk for placement or underwriting of equivalent warranties)
- Investment banking (placement of financial instruments without firm underwriting commitment)
- Proprietary transaction (acquisition or sale of financial instruments for one's own account)
- Services associated with the issuing business
- Foreign exchange transactions associated with securities services.

Conflicts of interest may arise, for example:

- upon receipt or grant of allowances (e.g. placement/sales subsequent commissions / benefits in money's worth) from or to third parties in connection with the provision of securities services for customers;
- through performance-related remuneration of employees;
- by granting allowances from third parties to our employees;
- from further business activities on the part of mwb fairtrade Wertpapierhandelsbank AG; in particular the institute's interest in profits from dealing for the bank's own account;
- from the business relations of mwb fairtrade Wertpapierhandelsbank AG with issuers of financial instruments, participation in an issue or co-operation;
- through attainment of information unknown to the public;
- out of personal relationships between the employees of mwb fairtrade Wertpapierhandelsbank AG, management or with persons associated with them and other persons or companies
- Through the involvement of these persons in the supervisory and/or advisory boards of other companies.

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### 3 Measures for Avoiding Conflicts of Interest

mwb fairtrade Wertpapierhandelsbank AG has implemented the most diverse measures throughout the company in order to avoid even the appearance of conflicts of interest wherever possible. Among other things these include:

- control of information flows; for example, through the creation of confidentiality areas, the establishment of information barriers, the separation of responsibilities and the spatial separation of individual divisions;
- regulations on acceptance and granting of personal advantages;
- maintenance of insider directories and/or observation lists (watch lists) which serve to monitor sensitive information and prevent abuse of such information;
- maintenance of blocking lists (restricted lists) which serve, among other things, counteract possible conflicts of interest through trade prohibitions;
- inspection of the personal securities transactions of all employees among whom conflicts of interest may arise within the scope of their activities;
- Regular training of our employees with regard to topics related to compliance.
- Appropriate product approval process (PPF) according to MIFID 2

Monitoring of adherence to the measures implemented in order to prevent unavoidable conflicts of interest is the responsibility of an independent compliance body that answers directly to management at our company.

Using the specified measures mwb fairtrade Wertpapierhandelsbank AG is able to avoid a large share of possible conflicts of interest already with their emergence.

Nevertheless should a concrete conflict of interests arise in individual cases in connection with the provision of a securities service for a mwb fairtrade AG customer, mwb fairtrade AG shall disclose this conflict of interest to the customer prior to provision of the securities service.

In connection with certain securities transactions concluded by mwb fairtrade AG with its customers mwb fairtrade AG receives payments from third parties on a regular basis in accordance with current market practices. In particular these include sales commissions provided in the form of one-time placement commissions from the issuers of the respective securities or corresponding discounts on the issuing price. As a rule the amount of the placement commission is usually between 3% and 6% of the placement volume of an issue. mwb fairtrade AG provides its customers with details in this regard on request.

In addition mwb fairtrade AG receives access to information material and analyses as well as access to third party information systems, etc. from several service providers free of charge. However, acceptance of such allowances does not stand in direct connection with the services that mwb fairtrade AG provides to their customers.

mwb fairtrade AG uses these allowances for constant improvement of the quality of the services to its customers.

Please contact the compliance division at our company in writing for more information as well as further details on management of conflicts of interest at mwb fairtrade AG.

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