



**Conflict of Interests Policy**

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## 1 Introduction

Taking into consideration that the Group of Piraeus Bank is a large, full-service financial institution, it is normally expected that in the normal course of its business and operations, several conflicts of interests may arise, either on a standard basis or periodically. If these specific situations are likely to cause damage to the clients' interests, the Group shall exercise all its power to properly identify and manage these situations, according to the prevailing regulatory framework, including the requirements of the Markets in Financial Instruments Directive "MiFID".

This document describes a policy that the Group has put in place in order to meet its obligations to maintain and operate effective organizational and administrative arrangements and procedures that address the identification and management of actual and potential conflicts of interests.

For the purposes of this Policy, the terms "the Group" and "Piraeus Group" refer to the Group of Piraeus Group S.A. including all Branches and Subsidiaries that are subject to the MiFID requirements and/or Greek law 3606/2007 and/or laws of the other EU member states which incorporated MiFiD. The entities of the Group of Piraeus Bank to which the present Policy applies are included in Annex A. The terms "the Group" and "Piraeus Group" of the present Policy also cover the Bank's branches, as well as those of other companies of the Group, abroad.

The objective of the Policy is to provide guidance for directors, managers and employees on what conflicts of interests are, how they can be identified and what procedures should be followed, in cases where conflicts of interests occur. More specifically, the purpose of this Conflict of Interests Policy is to set out the manner according to which the Group will be able to:

- identify situations where conflicts of interests may arise, entailing a material risk of damage to the customer's interests
- establish appropriate procedures, mechanisms and systems to manage those conflicts
- maintain procedures and systems designed to prevent actual damage to the customer's interests through any identified conflicts

## 2 Scope of application - Definitions

This policy is applicable to all activities and services which are subject to the Markets in Financial Instruments Directive ("MiFID"). This policy applies to all staff, with particular relevance for investment, sales and marketing staff.

For the purpose of this policy, customers include:

- Existing customers of the Group
- Potential customers
- Past customers where fiduciary or other duties remain in place

Moreover, for the purpose of this policy, a "relevant person" is considered to be:

- A director, partner or equivalent, manager, shareholder with a share equal or higher than 5%, member of the Board, or a tied agent of the Group
- A director, partner or equivalent, or manager of any tied agent of the Group
- An employee of the Group, or a tied agent of the Group, as well as any other natural person whose services are placed at the disposal and under control of the Group or a tied agent of the Group and who is involved in the provision by the Group of investment services and activities
- A natural person who is directly involved in the provision of services to the Group or to its tied agent under an outsourcing arrangement for the purpose of the provision by the Group of investment services and activities.

Additionally, "connected persons" to a relevant person are the following:

- Spouse or partner living in the same household
- Children and step-children under the age of 18 and/ or dependant on the relevant person
- Other relatives of the relevant person, who at the time of the personal transaction were living at the same household with the relevant person.

For the purpose of this Policy, "personal transaction" is considered to be any transaction in financial instruments, which is conducted by or on behalf of a relevant person, if and only if at least one of the following conditions is met:

- The relevant persons act outside the scope of their activities related to their job positions
- The transaction is conducted on behalf of one of the following persons:

- The relevant person
- A connected person to the relevant person
- A person who has a relationship with the relevant person according to which the relevant person has an explicit or implicit interest related to the result of the transaction, other than the normal fee or the commission of the transaction.

“Financial analyst”, for the purpose of this Policy, is considered to be any relevant person who produces the substance of investment research.

Especially for the purposes of Section 8 of this Policy, “investment research” includes any research or other piece of information that:

- it is recommending or suggesting an investment strategy, explicitly or implicitly, concerning one or several financial instruments or the issuers of financial instruments, including any opinion as to the present or future value or price of such instruments.
- it is intended for the distribution channels or the public,
- it constitutes or concludes to investment recommendations that are labeled or described as investment research, or are otherwise presented as an objective or independent explanation of the matters contained in the recommendations.
- if it was communicated to a client, it would not constitute provision of investment services.

Marketing communication is related to investment recommendations that do not meet the conditions of objectivity and independence and that contain a clear and prominent statement that they have not been prepared in accordance with the legal requirements designed to promote the independence of investment research. Generic recommendations (e.g.: on industries, asset classes, or types of financial instruments) are not regarded as investment recommendations.

### **3 Identification of conflicts of interests**

#### **3.1 Definition of conflict of interests**

A conflict of interests is a conflict that arises in any area of the Group's business, in the course of providing the customer with a service, which may benefit the Group (or another customer for whom the Group is acting) and may materially damage the interests of the customer.

#### **3.2 Identification of conflicts of interests**

A conflict of interests may exist in cases where the Group or a relevant person:

- is likely to make a financial gain, or avoid a financial loss at the expense of a customer
- is interested in the outcome of the service provided to a customer, which is distinct from the customer's interest in that outcome
- has a financial or other incentive to favor the interest of a customer over the interests of another customer
- carries on the same business as a customer
- receives or will receive from a third party an inducement in relation to a service provided to a customer, in the form of services, goods or money, other than the standard commission or fee for that service.

#### **4 Classification of conflicts of interests**

The present policy covers the conflicts of interests that may arise in the following cases:

- Conflicts between the interests of the Group and the interests of a customer or group of customers
- Conflicts between the interests of a customer or group of customers and the interests of another customer or group of customers
- Conflicts between the interests of an employee or group of employees of the Group and the interests of the Group and / or its customers

## **5 Identifying, preventing and managing conflicts of interests**

For the several types of conflicts of interests already identified and in order to avoid potential conflicts in future, the Group has put in place a number of measures in order to manage, control and prevent any potential adverse impact upon the customers.

### **5.1 Independence, separate supervision and segregation of function**

The Group is committed to establish an independence policy according to which, the staff of each department act independently insofar as the interests of their respective customers are concerned.

In cases where it is considered to be appropriate, the Group is committed to undertake organizational measures for separate supervision and functional segregation of its employees, in order to prevent the simultaneous involvement of an employee in separate services or activities, where such involvement may lead to conflict of interests' situations or may impair the proper management of conflicts.

Additionally, the Group is committed to take measures for separate supervision and functional segregation of the Group's business carrying out activities for customers, whose interests may conflict with the interests of other customers (or group of customers) or with the interests of the Group.

### **5.2 Declining to act**

It is possible that in some cases where the Group is already acting on behalf of one customer, it may be inappropriate for the Group to undertake certain business for another customer if it is obvious that conflicts of interests may arise and there is no efficient way to manage the conflicts of interests on a reasonable basis. Therefore, in cases where it is not possible to avoid or manage effectively a conflict of interests' situation, the Group may have no choice but to decline to provide the service requested or to choose not to offer it at all.

### **5.3 Managing restricted / confidential information**

Restricted information can be defined as inside or confidential information that relates to a customer, a potential customer or publicly traded securities which is not in the public domain.

#### **5.3.1 Confidential information handling**

The absolute respect to the confidentiality of the information received by the customers is a major principle of the Group.

The Group is committed to establish a “Need to Know” policy, according to which, only those who have a proper need to acquire specific information, consistent with the legitimate interest of a customer or the Group, may have access to confidential information.

The “Need to Know” approach is also ensured by the Group’s IT systems, which do not allow access to information, which is not considered to be necessary for the processing of a specific task / job. Hence, employees have access only to those information/data considered essential for carrying out their duties within the Group.

### **5.3.2 Chinese Walls**

To control access to material, non-public information, a series of “Chinese Walls” is considered to be established within the Group, to prevent the potential or perceived misuse of such information. Through the establishment and maintenance of Chinese Walls, the Group creates information barriers, to secure that critical information held by one part of the business, it is not used by persons from another part of the business.

Chinese Walls are a key tool for conflict of interests’ prevention, helping to avoid insider dealing and market manipulation risks. Consequently, Chinese Walls enable the Group and its employees to carry out business on behalf of the customers without being influenced by other information held within the Group that could give rise to potential conflicts of interests.

Thus, the use of a Chinese wall enables the Group and its employees to offer investment services without being affected from other information that the Group possesses and may lead to conflict of interests’ situations.

### **5.4 Policies and procedures**

The Group is committed to take measures and establish policies and procedures with regards to the following issues:

- Remuneration of staff
- Gifts and personal advantages
- Personal transactions
- Secondary activities and external appointments

#### **5.4.1 Remuneration of staff**

The compensation package of the Group's employees and directors includes a basic salary and discretionary bonus related to performance against personal objectives and the whole performance of the Group.

Additionally, the Group is committed that remuneration, appraisal or other management arrangements do not incentivize behavior that may lead to conflict of interests' situations.

#### **5.4.2 Gifts and personal advantages**

The acceptance and offering of gifts and other personal advantages is covered by policies and procedures of the Group, which are designed to ensure that none of the employees is able to use his/ her position within the organization for receiving important gain for him or for connected persons.

##### ***5.4.2.1 Gifts received by employees***

Employees should not accept gifts of significant value and they should not accept gifts in the form of cash or financial instruments, regardless of the amount. The policy excludes low value promotional gifts such as desk items carrying the logo of the gift presenter.

In cases where the employee is not able to assess if the acceptance of a gift is in accordance with the Group's policy, they are obliged to request guidance from the Compliance Unit.

##### ***5.4.2.2 Gifts offered to customers***

It is permitted to offer gifts to the customers under the condition that there is a pre-approval from the Senior Management of the Group. Records of gifts must be retained and notified to the Compliance Unit.

In cases where the employee is not able to assess if the offering of a gift is in accordance with the Group's policy, such an employee is obliged to request guidance from the Compliance Unit.

The policy excludes low value promotional gifts such as desk items carrying the logo of the Group.

### **5.4.3 Personal transactions**

The Group has established policies and procedures in order to monitor staff dealing. According to these policies and procedures, employees should never undertake personal investment activities, which:

- are against the applicable law and regulation
- distract them from their employment responsibilities
- create an unacceptable risk to the Group's good will and reputation

Moreover, employees should never misuse proprietary or customer confidential information in their personal dealings and must ensure that customers are never disadvantaged as a result of their dealings.

More specifically, the basic rules that should be followed by the Group's employees are the following:

- No dealing in restricted list stocks. Employees and their connected persons are not permitted to deal in investments included in the Restricted List of the Group
- Restriction on short term trading. Employees and their connected persons should avoid short term trading
- Dealing ahead of customers. If an employee has information that the Group has accepted an order from a customer or has decided to perform a transaction on behalf of a customer, the employee should not deal the same way for his own account until the order in question has been executed or cancelled.

### **5.4.4 Secondary activities and external appointments**

All Group employees and directors are obliged to work exclusively for the Group for the whole duration of their employment period. No employee is permitted to perform a work for a third party regardless of being paid or not, unless an exemption has been approved by the Senior Management of the Group. Moreover, employees are not permitted to accept any appointment as a Board member of a Group, unless an exemption has been approved by the Senior Management of the Group.

## **5.5 Training and communication**

The Group is committed to provide continuous training and information related to conflict of interests' issues to all employees. More specifically, with regards to training of its employees the Group is committed to adopt the following measures:

- The Group systematically enforces the awareness of its staff with regards to conflicts of interests' situations by providing relevant information through the intranet, internal seminars, and open discussions e.t.c.
- The Group is developing the skills of the staff in identifying and managing conflict of interests' situations through coaching and continuous training provided to staff by their managers and by the Compliance Unit.
- All new employees' induction programs include a part related to conflict of interests' issues.
- Ad hoc communications through the Compliance Unit, when it is considered necessary, in order to ensure that all employees are aware of and understand their conflicts of interests' responsibilities.

## **5.6 Monitoring of conflict of interests situations**

To identify promptly potential conflicts of interests' situations, the Compliance Unit operates monitoring procedures, which are designed to ensure that potential conflicts arising from the Group's business are identified and resolved as quickly as possible. All conflicts of interests situations identified through the monitoring procedures are properly recorded in a specific list, as it is described in Section 9 of the present Policy.

Additionally, considering new business activities, which are related with new kinds of transactions, it is essential that all necessary information is reported by the relevant business areas of the Group to the Compliance Unit as soon as possible, in order to enable the conflict checks to be carried out.

Additionally, the Compliance Unit will carry out periodic monitoring on a sample basis. The monitoring includes the following areas:

- Personal account dealing
- Gifts and entertainment
- Timely execution of customer orders
- Fees and commissions
- Breaches and errors

## **6 Disclosure of conflict of interests to customers and customer consent**

In certain circumstances, where the measures taken to avoid or manage conflicts of interests are not sufficient and conflicts of interests occur, the Group will clearly disclose the nature and source of the specific conflict to the customer before undertaking business on behalf of the customer.

The disclosure will be made by any stable means if the customer has not identified any other means of communication and be clear, appropriate and complete, including all sufficient detail, in order to enable the customer to assess the conflict situation and to take an informed decision with respect to the services in the context of which the conflict of interests has arisen.

## **7 Inducements**

The Group has established measures in order to be able to evaluate the acceptability of inducements (any fee, commission or non monetary benefit) provided by or to a customer or a person on behalf of the customer or to a third party or a person acting on behalf of a third party.

According to the Group's internal policies inducements can be accepted only if they are provided by customers or a person on behalf of the customer which relate to proper fees for the provision or facilitation of investment services, such as custody costs, settlement and exchange fees, regulatory levies or legal fees

Inducements to or from third parties or persons on behalf of those parties can be accepted only when there is prior clear notice to the customer- before the provision of the relevant service- also taking into account the following conditions:

- they are designed to enhance the quality of the relevant services
- the acceptance or offering of the inducement does not impair compliance with the duty of the Group to act always in the best interests of its customers.

## 8 Investment research

The Group is committed to establish specific rules and organizational arrangements, in order to manage the conflicts of interests, which may arise from the production of investment research. The rules, which are applicable to the personnel involved in the production of investment research (e.g.: financial analysts), are the following:

- Supervision of employees involved in investment research by personnel from other business units of the Group, whose functions may conflict with those of investment research, is prohibited. More specifically, a person whose function is expected to conflict with the interests of people who receive a research conducted by any entity of the Group covered by this Policy should not be responsible for:
  - Conducting the investment research
  - Supervising analysts for the day to day business
  - Determining/ approving the analysts' remuneration
- It is prohibited for all employees involved in investment research to undertake transactions in financial instruments to which the investment research might relate until after the results of the research are made public
- The Group prohibits research analysts from receiving any inducement in respect of their publication of research
- The Group is committed to establish procedures, to prohibit financial analysts from accepting any remuneration or other benefits from an issuer of a product, financial instrument or service, or any other party in respect of the publication of research and from offering or accepting any inducement for the publication of favorable research.
- It is prohibited for research analysts to promise to any product issuer that they will publish a favorable research
- It is prohibited for all employees involved in investment research to undertake transactions in any financial instrument, which are contrary to the results and the recommendations of the said research
- It is prohibited for all employees involved in investment research to undertake personal transactions in financial instruments related to the investment research, which are opposite to the results and the recommendations of the specific research

- All employees involved in the production of investment research should always make sure that no one has the possibility to view a draft of the investment research before its disclosure
- The Group is committed to provide training on the identification of potential conflicts of interests for research analysts and other Group's personnel with whom analysts interact. Research Management and the Compliance Unit provide assistance and guidance to the relevant personnel as issues arise. Additionally, all employees in investment research are responsible for raising identified conflicts or potential conflicts with their supervisors, to ensure that all conflict questions are referred to and considered at the appropriate level within the Group.
- The above mentioned rules do not apply, in cases, where investment research, conducted by other persons or institutions, is being published, under the following conditions:
  - The person who has conducted the investment research has no relationship with the Piraeus Group
  - The recommendations of the specific research have not been modified by the Group
  - The Group does not appear to be the producer of the investment research
  - Prior to publishing the research, the Group has verified that the person or institution which has conducted the research applies the same or similar compliance rules as the Group.

## **9 Record keeping and periodic reviews**

The Group is committed to maintain a registry of all the conflicts of interests' situations arisen, with reference to activities/ services in which a conflict of interests has arisen. In addition, the registry outlines the activities/ services or circumstances in each area of the business that may lead to a conflict of interests and what procedures should be used to either prevent or manage a conflict of interests. Compliance Unit is responsible for keeping and updating the said registry.

Compliance Unit has the responsibility for ensuring the Policy and the Conflicts Registry remains up to date. The Compliance Unit will periodically review the Conflict of Interests Policy in order to identify whether and how the Policy should be revised or amended, in order to meet more efficient its objectives.

**Group entities falling under this Policy**

The entities of the Piraeus Bank Group covered by this Policy are the following:

- Piraeus Bank S.A.
- Piraeus Bank Bulgaria A.D.
- Piraeus Bank Romania S.A.
- S.S.I.F. Piraeus Securities Romania S.A.
- Piraeus Stock Exchange Provider of Investment Services S.A.
- Piraeus Mutual Fund Management S.A.
- Piraeus Asset Management Europe S.A