

# Information for customers in accordance with the German Securities Trading Act (WpHG)

Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments (MiFID) and Directive 2014/65/EU (MiFID II), as well as the latter's implementation in German law through the Second Act Amending Financial Market Regulations (FiMaNoG), regulate the performance of investment services by financial service providers, mainly in the context of the German Securities Trading Act (WpHG).

This means that certain provisions of the WpHG apply to investment management companies that provide investment advice, financial portfolio management and/or custody business services for their customers. We provide investment advice and/or financial portfolio management services for you. Consequently, we are obliged to provide you with certain information, which you will find in this document.

## **Information about Union Investment Institutional GmbH and its services**

In accordance with the legislation governing securities, we have provided information below about our company and the investment services that we provide.

Contact details:  
Union Investment Institutional GmbH  
Weissfrauenstrasse 7  
60311 Frankfurt am Main  
Germany

Tel: +49 (0)69 2567 7652  
Fax: +49 (0)69 2567 1616  
Email: [institutional@union-investment.de](mailto:institutional@union-investment.de)

## **Regulatory authorisation and competent authority**

Union Investment Institutional GmbH holds a permit as a German AIF management company (AIF-Kapitalverwaltungsgesellschaft) and as a German UCITS management company (OGAW-Kapitalverwaltungsgesellschaft) within the meaning of the German Investment Code (KAGB) that also authorises it to provide

financial portfolio management and investment advice. This permit was issued by its supervisory authority, the German Federal Financial Supervisory Authority (BaFin), Marie-Curie-Strasse 24–28, 60439 Frankfurt, Germany (website: [www.bafin.de](http://www.bafin.de)).

## **Investment services from Union Investment Institutional GmbH**

Our (ancillary) investment services include investment advice and financial portfolio management for professional clients and eligible counterparties.

### **Information about investment advice**

As part of our investment advice, we make recommendations to you – based on your specific circumstances – on the purchase and sale of individual financial instruments. To ascertain whether this investment advice is independent or not, as defined by the WpHG, please check the investment advice contract that you have concluded with us.

### **Information about financial portfolio management**

As part of financial portfolio management, we make investment decisions for you, based on an asset management contract between you and us which contains, among other things, investment guidelines to which we are bound when making investment decisions.

For further information about Union Investment Institutional GmbH and the services that it offers, please visit [www.union-investment.com](http://www.union-investment.com).

### **Language**

Unless otherwise agreed in an individual case, the official language of the business relationship is German. Customers may communicate with Union Investment Institutional GmbH in German and will receive documents and other information in German unless otherwise agreed in an individual case.

## Recording of telephone calls and electronic communications

Union Investment Institutional GmbH must make records of investment services that it provides and transactions that it executes in order to enable the supervisory authority to verify compliance with the obligations of the WpHG. This includes, but is not limited to, the recording of telephone conversations and electronic communications concerning the performance of investment services. Personal data will be collected, processed and used for this purpose. If you do not wish this to happen, please notify Union Investment Institutional GmbH accordingly. In this case, Union Investment Institutional GmbH will not perform any (ancillary) investment service for you that has been initiated by telephone or electronic communications if it relates to the acceptance, transmission or execution of a customer order.

Such recordings will be retained for five years or, if so instructed by the supervisory authority, for seven years. During this period, we will be happy to provide you with a copy of the recording on request.

## Information about customer classifications and the customer information that we have to obtain

We hereby inform you that, for the purposes of the investment advice and financial portfolio management that we provide and in the context of any other business relations, we classify your company as a 'professional client' and have listed it as such in our records.

The criteria for classifying customers are defined in law. The 'professional client' category (incomplete list, see annex II section I (1) of Directive 2014/65/EU (MiFID II) and section 67 (2) WpHG) includes, among others:

- Companies that are not required to comply with authorisation and supervision requirements within the meaning of section 67 (2) no. 1 WpHG in order to operate in financial markets
- and that exceed at least two of the following three criteria: total assets of €20,000,000, revenue of €40,000,000, own funds of €2,000,000
- Other institutional investors that are not subject to authorisation and supervision requirements within the meaning of section 67 (2) no. 1 WpHG,

but whose main activity is investing in financial instruments

- Entities that securitise assets and other financing transactions

Your customer classification can be changed in agreement between Union Investment Institutional GmbH and your company.

## Reporting obligations

You will find details of how we fulfil our reporting obligations to our customers in the provisions and information set out in the applicable investment advice or asset management contract that you have concluded with us.

## Notifications and complaints

To submit information or make a complaint, our (potential) customers can contact us free of charge at:

Union Investment Institutional GmbH  
Weissfrauenstrasse 7  
60311 Frankfurt am Main  
Germany  
Tel: +49 (0)69 2567 7652  
Fax: +49 (0)69 2567 1616  
Email: [institutional@union-investment.de](mailto:institutional@union-investment.de)

Each customer of Union Investment Institutional GmbH is also assigned an account manager who is responsible for the individual customer relationship, encompassing all service and product formats. You can therefore submit information and make complaints by contacting your account manager. The account managers follow our internal rules on documenting, handling and responding to information and complaints and will deal with your concern without delay.

The aim is to deal with all complaints and requests for information from institutional customers professionally and promptly, i.e. within a reasonable period for the matter at hand, but certainly within no more than 30 days.

To enforce their rights, customers also have recourse to legal action in the ordinary courts or can seek alternative dispute resolution. Union Investment Institutional GmbH, an investment management

company in accordance with the KAGB, has signed up to the ombudsman service for investment funds of the Federal Association of German Fund Management Companies (,BVI ombudsman') and participates in its arbitration proceedings for the resolution of disputes. In the event of disputes relating to provisions in the KAGB, consumers may call on the BVI ombudsman. The contact details of the BVI ombudsman are:

Büro der Ombudsstelle  
BVI Bundesverband Investment und  
Asset Management e.V.  
Unter den Linden 42  
10117 Berlin  
Germany  
Tel: +49 (0)30 6449 0460  
Fax: +49 (0)30 6449 04629  
Email: [info@ombudsstelle-investmentfonds.de](mailto:info@ombudsstelle-investmentfonds.de)  
[www.ombudsstelle-investmentfonds.de](http://www.ombudsstelle-investmentfonds.de)

Further provisions are set out in the ,procedural rules' for the out-of-court settlement of disputes about consumer rights relating to the Federal Association of German Fund Management Companies (BVI). Applications for arbitration must be submitted in writing to the office of the BVI ombudsman.

Further information about the BVI ombudsman and its procedures is available at [www.ombudsstelle-investmentfonds.de](http://www.ombudsstelle-investmentfonds.de).

The right to seek recourse in the courts remains unaffected by proceedings for the alternative resolution of disputes.

## Dealing with potential conflicts of interest

Acting in the customer's interest is the guiding principle that shapes our business relationship with you. This requires us to take appropriate precautions to identify and avoid, or find fair solutions for, any potential conflicts of interest that could arise and would be to your disadvantage.

Below, we explain our far-reaching precautions for dealing with these potential conflicts of interest in the provision of (investment) services and ancillary services.

## Possible conflicts of interest

Your interests could possibly conflict with:

- The interests of our company, including our management team

- The interests of our employees or of persons or entities that are directly or indirectly linked to us by way of control as defined by article 4 (1) no. 37 of Regulation (EU) No. 575/2013

- The interests of other customers

Where we provide investment advice and financial portfolio management, a conflict of interests could arise in particular in the following scenarios:

- Members of our management team or supervisory body or our employees are elected representatives of a company that issues financial instruments recommended by our company or at which our company executes your orders or to which it forwards them for execution
- In addition to your orders, our company executes orders for other customers relating to the same financial instruments as your order
- Aggregation of customer orders in the interests of our company and to the detriment of customers
- Certain customer orders are disadvantaged when orders are forwarded, executed or allotted
- Our company or our sister company is also a fund-issuing investment management company or an issuer of financial instruments that could be potential investment projects
- Our employees could make use of inside information
- Our remuneration structures or other employee incentives might conflict with the customer's interests
- Our company or our employees could receive inducements, personal benefits or other incentives from third parties in connection with the service

## Measures taken by our company to avoid conflicts of interest

Our company has put various organisational measures in place to avoid possible conflicts of interest that would disadvantage our customers. For investment advice and portfolio management, these specifically include the following:

- Principles for investor-appropriate and investment-appropriate advice and for taking account of the agreed investment guidelines
- Principles of our company for the best execution of your order to buy or sell financial instruments
- Principles of our company for the execution of client orders and for the allotment or aggregation of orders
- Measures to ensure hierarchical and functional separation
- Establishment of confidentiality areas for individual functions within our company in order to prevent the misuse of confidential information from the services or the improper exercising of influence on these services by other functions within the company
- Removal of problematic interrelationships in salary structures
- Code of conduct for private transactions by employees with the aim of preventing customer transactions from being disadvantaged compared to employee transactions
- The acceptance of inducements or personal gifts by our company or individual employees only to the extent permitted by regulatory requirements; in particular, monetary inducements in connection with financial portfolio management are not accepted. Other inducements may be accepted, especially if they are linked to quality improvements. In addition, we have set quantitative limits as part of a gifts policy that also applies to members of the Supervisory Board.
- Careful selection, training, skills upgrading and continuing professional development of our staff

Conflicts of interest that are unavoidable despite these or other separate measures will be disclosed to you before the service is provided.

### Information about inducements

Union Investment Institutional GmbH may receive low-value benefits in kind (e.g. participation in conferences, seminars, training, access to price information systems)

in connection with the services performed for your company. We will be happy to provide you with the details on request (list of inducements). These benefits in kind are always used in investment decisions in accordance with the interests of investors. Union Investment Institutional GmbH does not accept or collect monetary inducements from third parties in the context of its investment advice and financial portfolio management mandates.

### Best execution

Our best execution policy governs the principles and procedures aimed at securing the best possible outcome in transactions for customers' portfolios. It also applies to all financial portfolio management customers in their capacity as professional clients.

You will find our current best execution policy (in English) by clicking on Rechtliche Hinweise at <https://institutional.union-investment.de/startseite-de/Ueber-uns/Richtlinien.html>.

### Unbundling of research

Both MiFID II and the provisions of the WpHG prohibit market participants from providing and receiving research material free of charge as an incentive. Instead, the new regulations require transaction costs to be recognised and charged separately. One of the main consequences of this is that execution-only fees and research costs have to be unbundled, i.e. they have to be shown individually on the invoice rather than – as was previously the case – as a single cumulative total.

The use of external research material plays a significant part in the process of making appropriate investment decisions. Consequently, Union Investment Institutional GmbH will continue to use research material from selected analysts in future. For the time being, however, we will pay any expenses for external research material ourselves. Research costs will not be passed on to our investment advice and financial portfolio management customers.

### Determination and monitoring of target markets

We agree specific investment guidelines with our customers for each investment advice and financial

portfolio management mandate. These investment guidelines are used to conduct the required check of whether the acquired financial instruments correspond with the customer's characteristics, objectives and needs (target market check). When acquiring financial instruments for these mandates, Union Investment Institutional GmbH therefore checks the negative target market on the basis of the investment strategy for the mandates.

### **Costs**

You will find details of the costs in connection with our investment advice and financial portfolio management mandates in the provisions and information set out in the applicable investment advice or asset management contract that you have concluded with us.

### **Contact us:**

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### **Disclaimer**

This document is intended for professional clients only. Although Union Investment Institutional GmbH has compiled and produced this document with due care and attention, Union Investment assumes no liability for the information therein being up to date, accurate or complete.

All information, illustrations and explanations are presented as at 30 June 21 unless stated otherwise.

As at: 30 June 2021