

GarantiBank International N.V.

INDUCEMENTS POLICY

INDUCEMENTS POLICY

Contents

1	INTRODUCTION	3
1.1.	Purpose of Policy	3
1.2.	Scope of Policy	4
2	DEFINITION OF INDUCEMENTS	4
3	HOW INDUCEMENTS IMPROVE THE QUALITY OF OUR SERVICES.....	5
4	CONTROL OF INDUCEMENTS	6
5	THE TRANSPARENCY PRINCIPLE AND INDUCEMENTS.....	7
6	MINOR NON-MONETARY BENEFITS.....	7
7	INDUCEMENTS RELATED TO RESEARCH SERVICES.....	8
8	IMPLEMENTATION AND MONITORING OF THE POLICY	9
9	SUPPORTING INFORMATION	10
10	ENFORCEMENT	10

INDUCEMENTS POLICY

1 INTRODUCTION

1.1. Purpose of Policy

GarantiBank International NV is committed to acting honestly, impartially, diligently and transparently, in keeping with the best interests of its clients.

GarantiBank International NV does not provide independent discretionary portfolio management and independent investment advice services and does not collect and pay inducements from and to third parties for the provision of an investment or ancillary service except for minor non-monetary benefits and research in restricted cases. These inducements are payments or other benefits in kind that are received from, or paid to, third parties for the provision of such services.

However, these inducements could generate conflicts of interest that are harmful to clients' interests. This Inducements Policy details how such conflicts are managed in GarantiBank International NV, within the general framework of the Conflicts of Interest policy.

Article 24.9 of Directive 2014/65, on markets for financial instruments, commonly referred to as MiFID II, regulates the obligations for entities when they pay or are paid any fee or commission, or provide or are provided with any non-monetary benefit in connection with the provision of an investment or ancillary service, to or by any party except the client or a person acting on behalf of the client, other than where the payment or benefit and is implemented under Articles 168a (2) and 168aa Bgfo in the Netherlands:

- i. is designed to enhance the quality of the service to the client; and
- ii. does not impair compliance with the investment firm's duty to act honestly, fairly and professionally in accordance with the best interest of its clients.

It also stipulates that there should be restrictions on the entities that provide portfolio management and independent advice services accepting and keeping fees, commissions and other non-monetary benefits from third parties - particularly issuers and suppliers of products - to enhance protection for the investments and clarity for clients in terms of the services they receive.

Articles 168aa Bgfo goes into further detail by specifying and defining: the condition that the inducements should increase the quality of service to the client; the regime for inducements when research services are provided; and consideration for minor monetary benefits.

INDUCEMENTS POLICY

This Policy sets out general principles for the receipt and payment of inducements, their regime, treatment, advertising and registration, pursuant to the aforementioned legal provisions and their implementing regulations in The Netherlands.

GarantiBank International NV reviews this Policy at least annually or whenever a material change occurs.

1.2. Scope of Policy

This Policy applies to GarantiBank International N.V., subject to the MiFID regulation for the provision of investment and ancillary services in the Netherlands.

GarantiBank International NV does not provide discretionary portfolio management and independent investment advice services but only non-independent investment advice.

2 DEFINITION OF INDUCEMENTS

The following are considered to be inducements:

- i. Fees, commissions and non-monetary benefits paid or given to a third party except the client or a person on behalf of the client in relation to an investment or ancillary service; and
- ii. Fees, commissions and non-monetary benefits collected or received from a third party except the client or a person on behalf of the client in relation to an investment or ancillary service.

In general, permitted inducements are considered to be those that are given or received to improve the quality of the service provided to the client, and that do not impair compliance with the obligation to act in the client's best interest.

GarantiBank International NV does not benefit from the receipt of fees, commissions or other non-monetary benefits collected from third parties. However, if this were to be the case in some circumstances, any such inducements would be returned in full to the clients, as soon as reasonably possible after receipt.

INDUCEMENTS POLICY

3 HOW INDUCEMENTS IMPROVE THE QUALITY OF OUR SERVICES

All GarantiBank International NV inducements have been designed to increase the quality of service to the client through the provision of an additional or higher-quality service.

The inducements do not benefit GarantiBank International NV, its shareholders or employees directly - they provide a tangible benefit to our clients.

Inducements that are charged or collected continuously are justified by the provision of an on-going benefit to the client.

When GarantiBank International NV provides the service of receiving, transmitting and executing orders, it may charge or receive inducements to or from third parties that improve the quality of service to the client because:

- i. They provide access for our clients to a wide range of financial instruments that will probably meet their requirements, at a competitive price.
- ii. Our offering also includes an appropriate volume of instruments from third-party suppliers with no close links to GarantiBank International N.V..
- iii. Our clients have access to added-value information tools that help them make informed decisions.

When GarantiBank International NV provides advice on non-independent investment services it may charge or receive inducements to or from third parties that improve the quality of service to the client because:

- i. The advice service for non-independent investments is provided assessing a wide range of suitable financial instruments.
- ii. In addition to access to these instruments, our clients also have access to a suitable number of instruments from third parties with which GarantiBank International NV does not have close links.

Inducements can also be charged to, and received from, third parties when advice on non-independent investments services is provided, and provision of this service is combined with:

INDUCEMENTS POLICY

- i. An offer to the client to assess - annually, at least - the continuing suitability of the financial instruments in which they have invested,
- ii. Another on-going service that is probably of value to the client, such as advice on the optimum proposed assignment of their assets.

4 CONTROL OF INDUCEMENTS

In order to ensure that the inducements paid or received are designed to increase the quality of service to our clients, an internal procedure has been put in place that regulates, among others aspects, the following:

- i. The keeping of an internal list of the inducements received by GarantiBank International NV in relation to the provision of investment and ancillary services and;
- ii. Recording of the way in which the inducements increase the quality of the services provided to our clients and the measures adopted so as not to undermine GarantiBank International NV's obligation to act honestly and professionally in the best interest of our clients.

To this end, we have an internal inducement procedure that regulates:

- i. Criteria for consideration as inducements
the facts or circumstances should be taken into account so that fees, commissions and other non-monetary benefits delivered or collected for the provision of investment and ancillary services company to our clients should be considered an inducement.
- ii. Detection and identification of inducements
a description of the process implemented to achieve this.
- iii. Justification of the inducements
how it should be demonstrated - before they are received - that the inducements increase service quality; and
- iv. Controls on inducements
a description of the controls in place and the responsibilities for these.

We always inform our clients of the inducements before the services are provided.

INDUCEMENTS POLICY

5 THE TRANSPARENCY PRINCIPLE AND INDUCEMENTS

The inducements that GarantiBank International NV delivers to, or receives from, third parties are disclosed to clients before the investment service or ancillary service is provided, giving them information on:

- i. The existence, nature and amount of the payments and benefits paid or received.
- ii. The method for calculating inducements when these cannot be determined.
- iii. The transfer mechanism for the fees, commissions and monetary benefits received for provision of the discretionary portfolio management and independent advice services, as the case may be.
- iv. The generic relationship of minor non-monetary benefits.

Other non-monetary benefits received or delivered by GarantiBank International NV in relation to the investment service provided can be valued and reported separately.

When GarantiBank International NV cannot determine ex ante the amount of the payment or benefit that should be delivered or received, but has instead informed the client of the method for calculating that amount, the clients will receive ex post information on the exact amount of the payment or benefit.

At least once a year, and while GarantiBank International NV receives on-going inducements for the investment services it provides to its clients, our clients will be informed individually of the cash amount of the payments or the benefits collected or delivered. However, non-monetary benefits may be described generically.

6 MINOR NON-MONETARY BENEFITS

GarantiBank International NV may receive small amounts of non-monetary benefits when it provides investment and ancillary services, providing that these are reasonable and proportionate, and on such a scale that it is very unlikely that they would influence behavior to the detriment of the interests of clients.

The following minor non-monetary benefits are considered acceptable:

INDUCEMENTS POLICY

- i. information or documentation relating to a financial instrument or investment service of a generic nature or personalized to reflect the circumstances of a particular client.
- ii. Written material from third parties commissioned and paid for by an issuing company or potential issuer to promote a new issue by the company in question.
- iii. Participation in conferences, seminars and other training activities relating to the benefits and characteristics of a particular financial instrument or investment service.
- iv. Representation costs with a reasonable de minimis value, such as per diems for a business meeting or a conference, seminar or other training activity.

In such circumstances, GarantiBank International NV will always inform the client clearly of the existence of such benefits before provision of the investment and ancillary services.

7 INDUCEMENTS RELATED TO RESEARCH SERVICES

The provision of research services by third parties to GarantiBank International NV is not considered an inducement in the subsequent provision of services to our clients if they are received in exchange for any of the following:

- i. Payment by GarantiBank International NV from its own funds directly to the third-party that supplies the research service.
- ii. If the corresponding payments are charged to a research payment account for which GarantiBank International NV is responsible, and which is funded by a specific research charge applied to the client. GarantiBank International NV may periodically establish and assess a research budget as an internal administrative measure, and also periodically assess the quality of the research acquired, subject to quality criteria and their capacity to contribute to better investment decisions.

When it uses and administers a research payment account, GarantiBank International NV will provide its clients with the following information:

- i. Before providing an investment service to its clients, information on the research budget, and the estimated research charge for each of these.

INDUCEMENTS POLICY

- ii. Annual information on the total costs each client incurred for third party research.

When GarantiBank International NV uses and manages a research payment account, it will, on request from its clients, provide a summary of the suppliers paid from that account, the total amount paid over a particular period, the benefits and services received by GarantiBank International NV, and the way in which the total amount spent and charged to the account corresponds to the budget set by GarantiBank International NV for the period, indicating any discounts or remaining balance in the account.

The research charge to a research payment account:

- i. Will be based solely on the research budget set by GarantiBank International NV in order to determine the need for the research services offered by third parties with respect to the investment services provided to its clients; and
- ii. Will not be related to the volume or value of the trades executed in the name of the clients.
- iii. The total amount of the charges for the research received shall not exceed the research budget.

8 IMPLEMENTATION AND MONITORING OF THE POLICY

The implementation of this Policy and its subsequent developments, and control over the degree of compliance, will be carried out using the GarantiBank International N.V.'s internal three lines of defense internal control model.

In addition, the Inducements Policy and its implementing procedures will be regularly reviewed by the Compliance Unit under the specific procedure for the updating of inducements set out in section 4, in order to ensure that they are compliant with regulatory criteria and best practices.

9 SUPPORTING INFORMATION

Article 24.9 of Directive 2014/65

Article 27 of Directive 2014/65

Chapter IV Articles 11 to 13 of Delegated Directive 2017/593

10 ENFORCEMENT

Compliance to policies is mandatory. Non-compliance may be subject to disciplinary measures.