

Information on conflicts of interest

1 Introduction

Zürcher Kantonalbank always aims to organise its business activities in such a way that the interests of clients, the bank and its employees are aligned as much as possible. Nevertheless, conflicts of interest cannot always be avoided. Conflicts of interest may arise naturally, simply due to the nature of the bank's business activities as a universal bank. Zürcher Kantonalbank aims to deal with such potential conflicts of interest transparently, fairly and professionally in line with the requirements of law and by abiding by the rules set out in the Code of Conduct of Zürcher Kantonalbank.

Please see the information below on how conflicts of interest at Zürcher Kantonalbank are dealt with and on selected measures for dealing with them.

2 Types of conflicts of interest

2.1 General

Conflicts of interest may arise in many contexts, *inter alia* between:

- Zürcher Kantonalbank (or its employees) and one or more clients;
- Zürcher Kantonalbank and one or more employees;
- two or more clients to whom the bank provides services;
- various group entities and business units of Zürcher Kantonalbank;
- Zürcher Kantonalbank and any third parties whose services it uses.

2.2 Potential conflict situations

A conflict of interest can occur in the provision of various services, for example:

- in providing clients with asset management and advisory services;
- if several client orders coincide;
- if client orders and business of Zürcher Kantonalbank or its employees coincide;
- in producing financial analyses;
- in distributing a product or providing a service.

3 Principles for dealing with conflicts of interest

Zürcher Kantonalbank takes appropriate measures relating to conflicts of interest. It thereby applies the following principles:

- conflicts of interest must be identified as early as possible;
- conflicts of interest must be avoided wherever possible;
- where conflicts of interest cannot be avoided, measures and procedures to manage the conflicts must be drawn up;

- if conflicts of interests cannot be avoided or it is impossible to ensure that conflicts of interest are not placing Clients at a disadvantage, Clients must be informed of the conflicts of interest or such conflict of interest should be disclosed (with respect to disclosure, see sec. 5 of the present Information Sheet);
- where the above-referenced principles relating to protecting client interests do not suffice, the bank will decline to perform the transaction.

4 Handling specific conflicts of interest

Zürcher Kantonalbank analyses and evaluates conflicts of interest in the individual business units and applies the above-mentioned principles in dealing with conflicts of interest.

Among other things, the following specific measures were defined in individual business areas, taking into account the type of conflict of interest.

Information barriers

Zürcher Kantonalbank has regulations on how to deal with confidential information. In accordance with these regulations, information can only be accessed by people who have a justified interest in the information (“need-to-know principle”).

Control Room

Zürcher Kantonalbank has a Control Room, which regulates and monitors dealings with non-public, price-relevant information. In addition, the Control Room has a watch list and a restricted list, which can be used to identify and avoid conflicts of interest.

Client orders

Zürcher Kantonalbank acts carefully and in its clients’ best interests when receiving, executing and transmitting client orders. Hence, Zürcher Kantonalbank forbids inappropriate behaviour such as carrying out proprietary trading in the knowledge of client orders or prioritising proprietary orders over clients' orders.

Financial Research

Conflicts of interest may also arise, for example, when drawing up and publishing research reports or when financial analysts make public statements. Zürcher Kantonalbank has directives and procedures to ensure the independence and integrity of its financial research unit.

Compensation and other valuable benefits provided by third parties

In connection with the provision of financial services, Zürcher Kantonalbank may receive sales commissions and other monetary benefits from the group’s own product manufacturers and third-party product manufacturers, depending on the service provided. Zürcher Kantonalbank will inform the client regarding the subject-matter and the scope of such compensation in the following information sheet: ["Sales Commissions and Other Monetary Benefits"](#).

Conflicts of interest may also arise if, in connection with the provision of financial services, Zürcher Kantonalbank receives other financial benefits (e.g. invitations, gifts or free access to platforms) from third parties which, by their very nature, cannot be passed on to clients. Acceptance of such benefits may jeopardise the bank’s independence and objectivity in the provision of financial services. Zürcher Kantonalbank has issued clear policies in order to avoid adverse impacts on clients.

Gifts and invitations

Conflicts of interest may arise if employees of Zürcher Kantonalbank accept or grant any benefits for acting in breach of the law or their duties or accept or grant undue benefits for the purpose of maintaining relations.

Zürcher Kantonalbank has clear instructions for action in such situations; bribery and corruption are consistently investigated and punished.

Remuneration

Remuneration can influence employees' conduct. To ensure that the remuneration structure does not encourage employees to act in an irresponsible manner or to breach internal or external rules, Zürcher Kantonalbank has implemented a remuneration policy that takes into account the long-term economic interests of Zürcher Kantonalbank and underpins sound, effective risk management.

External mandates

Conflicts of interest may also arise in connection with external mandates of employees (for example, in the political, cultural or social domain). Zürcher Kantonalbank has rules and procedures to identify, prevent or manage conflicts of interest relating to such activities.

Employee trading

Conflicts of interest may also arise due to private securities transactions of employees of Zürcher Kantonalbank ("employee trading"). Zürcher Kantonalbank has therefore implemented internal rules, processes and supervisory measures to prevent conflicts of interest between employees and Zürcher Kantonalbank or clients and to ensure that employees fulfil their contractual obligations towards Zürcher Kantonalbank. The interest of clients always takes precedence over employees' trading.

Procurement

Conflicts of interest may also arise between Zürcher Kantonalbank and its suppliers (e.g. if the supplier is also a client of the bank or if an employee has a personal relationship with a supplier). Zürcher Kantonalbank has rules and procedures to ensure that any conflicts of interest in this regard are identified and avoided.

5 Notification of clients about conflicts of interest that cannot be otherwise resolved (disclosure)

If it must be assumed that the measures taken to manage a conflict of interest are insufficient to protect clients' interests, the affected clients will be notified of the conflict of interest. This information or disclosure of such conflicts of interest may be undertaken in person, by means of contracts, fact sheets, product documentation or on the Internet of Zürcher Kantonalbank.

6 Further measures

The introduction and maintenance of a compliance culture of integrity and ethical action at Zürcher Kantonalbank is crucial to ensuring that conflicts of interest are handled properly. Hence, Zürcher Kantonalbank makes sure that all employees know how to deal with conflicts of interest correctly and that they receive essential support in dealing with conflicts of interest when needed.

In addition, Zürcher Kantonalbank documents conflicts of interest it has detected in a bank-wide register of conflicts, which is reviewed on a periodic basis.

7 Reporting of suspected misconduct

The integrity and reputation of Zürcher Kantonalbank are two of its most important assets. For this reason, Zürcher Kantonalbank gives its employees and third parties (e.g. clients, suppliers) the option of directly contacting an independent external advisory office specified by Zürcher Kantonalbank for purposes of reporting suspected misconduct within Zürcher Kantonalbank. For further information on this, please see the following [link](#).

8 Breaches and disciplinary measures

If the rules described in this document are not observed or fulfilled, this may lead to disciplinary measures for employees, which could involve dismissal in the worst cases. Decisions on whether to take disciplinary measures and what such measures entail always take into account the gravity and frequency of the breach. Additionally, offending employees can also expect claims for damages, fines or other punishments in connection with regulatory or civil law measures against Zürcher Kantonalbank or against the employees as individuals.

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