



**GOOD BUSINESS AND
PROFFESIONAL REPUTE
PROCEDURE**



INTERNAL PROCEDURE FOR THE CONTINUOUS SELECTION AND EVALUATION OF KEY PERSONNEL FOR THE UNDERTAKING OF BANKING ACTIVITY IN ALLFUNDS BANK, S.A.

1. Introduction.

The object of this document is to establish the procedures for selecting and evaluating the suitability of members of the board of directors, general managers and similar officers, officers responsible for internal control functions and other key positions in the daily undertaking of banking activity in Allfunds Bank, S.A., according to the definition of the latter in applicable legislation (hereinafter referred to as the “Procedure”).

The Procedure has been drawn up according to Law 10/2014 of 26 June on the functioning, supervision and solvency of credit entities and Royal Decree 84/2015 of 13th of February which further develops the same.

The suitability requirements and selection and evaluation processes established in the Procedure will be applied notwithstanding any other substantive or procedural rules of a legal nature or relating to corporate bylaws or governance or of a conventional nature governing the capability, obligations and requirements of the persons affected by the Procedure in order to be appointed and remain in their respective positions.

This Procedure was approved by the Board of Directors of Allfunds Bank, S.A. (hereinafter, the “Board of Directors”) on September 18, 2013 and in its amended versions on December 10, 2015 and April 1, 2016.

2. Subjective scope.

The suitability assessment required under the aforementioned regulation affects the following persons, who make up the “Affected Group”:

- a) Members of the Board of Directors.
- b) General Managers.
- c) Officers of similar ranking to General Managers.
- d) Officers responsible for internal control functions.
- e) Officers holding key positions in the daily undertaking of the activity of the entity and its parent company.

Attached as Appendix I hereto is a list of key positions and the identification of the persons holding them according to the following criteria:

- Members of the Board of Directors of Allfunds Bank, S.A.
- General Manager and Deputy General Manager
- Branches managers in Italy, the UK and Singapore
- Internal control functions: Head of Finance & Risk, Head of Legal, Head of Compliance, Head of Human Resources and Head of Internal Audit
- Level of responsibility for key business positions: Global Head of Operations, Global Head of IT, Global Head of Fund Groups and Global Head of Research

The appointments and remuneration committee will present to the Board of Directors for approval any proposals to amend the affected group described above (hereinafter “Affected Group”).

Any proposal to change anything in relation to the list of key positions will be notified immediately by Human Resources to the unit in charge of the application of the Procedure to assess the suitability of the members of the board of directors and the holders of key positions (“Evaluation Procedure Unit”) in order for such proposal to be submitted via the Secretary of the Board of Directors of Allfunds Bank, S.A. to the Appointments & Remuneration Committee, which will present them to the Board of Directors for approval.

The Evaluation Procedure Unit will be formed by the Heads of Legal, Compliance and Human Resources.

3. Body responsible for assessment.

The Board of Directors will be responsible for assessing the suitability of all members of the Affected Group.

The appointments and remuneration committee will report beforehand on the suitability evaluation files of the members of the Affected Group, presenting their proposal to the Board of Directors.

4. Suitability requirements.

As established in Law 10/2014 of 26 June on the functioning, supervision and solvency of credit entities and Royal Decree 84/2015 of 13th of February which further develops the same, the Affected Group shall meet at all times the conditions of good business and professional repute and shall have the appropriate knowledge and experience for undertaking their activity. Additionally, it is also established that members of the Board of directors shall also be in a position to undertake the good governance of the institution.

5. Selection procedure.

The selection of the people who will constitute the Affected Group will be carried out following the procedures described below:

(i) Generally speaking, such procedures will include criteria making it possible for the selected candidates to be in the best position to meet the requirements of suitability established in the Procedure and by the applicable current regulations.

(ii) Members of the Board of Directors and senior management will be proposed by the Appointments and Remuneration Committee, following the applicable internal procedures.

(iii) The selection processes for the rest of the Affected Group will be governed by the following general principles:

a. Prior identification and establishment of the profile of the position to be filled and the competences and abilities required of the candidates, ensuring at all times the pre-selection of

persons with the best personal characteristics, talent and professional skills for holding such position.

b. The use of internal promotion systems based on the assessment of competences, performance, commitment and professional merits sustained over time.

c. The use of internal procedures or the assistance of external professionals to ensure, when considered appropriate, the plurality and comparability of candidates.

d. Non-discrimination by reason of birth, race, sex, religion, opinion or any other personal or social circumstance or condition other than compliance with the requirements of competence and ability demanded for holding the position.

6. Evaluation procedure.

6.1. Necessary documentation for the evaluation.

The Evaluation Procedure Unit will be responsible for collecting the necessary documentation from the Affected Group for the correct evaluation of the requirements of good business and professional repute and the appropriate knowledge and experience of all its members, in the terms established in this procedure.

For this, the Evaluation Procedure Unit will obtain the following documents from each member:

- a) **Good repute and good governance questionnaire** or, as applicable, a form confirming or updating the statements made in the previous evaluation, to be returned by the interested party, duly completed and signed on every page. This questionnaire or, as applicable, form confirming or updating the statements made in the previous evaluation should be completed by
- Members of the Board of Directors.
 - General managers or similar officers.
 - Officers responsible for internal control functions and other key positions in the daily undertaking of banking activity.

- b) As well as the questionnaire stated above and in order to be able to assess the presence in the Affected Group **of appropriate knowledge and experience**, their detailed and up-to-date professional record should be obtained from each of them, signed by the interested party on all pages. This record will include the information established by the Evaluation Procedure Unit and will include, amongst other information, the following:

- Personal data (full name, place and date of birth, address, nationality).
- Detailed description of academic and professional training.
- Professional experience, including the names of all companies or organizations for whom the interested party has worked and the nature and duration of the positions held, in particular, activities included within the scope of the position in question. In the case of positions held over the last ten years, on describing these activities, the delegated powers, internal decision-making powers and the areas of activity under their control, with the number of employees, should be specified. If the record includes honorary activities such as positions on administration bodies of non-profit organizations, note will be taken of this honorary nature when describing such positions.

- If available, professional references for at least the last three years.
- If available, record of results, suitability evaluations for positions in other institutions previously carried out by the latter.

6.2. Evaluation File.

The Evaluation File (the “File”) forms the documentary base for the evaluation report to be produced by the Appointments and Remuneration Committee and will contain all the necessary statements, information and documents for examining and issuing an opinion founded on the suitability of the persons being evaluated.

The content of the File will comprise, at least, the following elements:

- (i) Identification of the person being evaluated.
- (ii) Identification of the position or responsibility to be held.
- (iii) Good repute and good governance questionnaire, the form confirming or updating the statements made in a previous evaluation and detailed professional record of the person being evaluated.
- (iv) Notifications received with respect to the occurrence of acts or circumstances which make it advisable to review the evaluation.
- (v) A copy of the reports issued by the appointments and remuneration committee itself or by third parties who have participated in or assisted the latter in the selection and evaluation of the person being evaluated, to the extent that they contain relevant information for the purpose of assessing suitability.
- (vi) A copy of any reports or opinions issued by the Bank or by third parties at the request of the appointments and remuneration committee with respect to any technical aspect relating to the requirements of suitability required by the Procedure.
- (vii) Any other available documents or information which in the opinion of the appointments and remuneration committee could be useful or appropriate when assessing the suitability of the person being evaluated.

6.3. Suitability Evaluation Report.

The suitability evaluation report (hereinafter referred to as the “Report”) will contain the proposal for the evaluation process on the relevant member of the Affected Group and will be issued by the Appointments and Remuneration Committee, based on the File.

The Report must be approved by the board of directors

6.4. Appointments and Remuneration Committee evaluation report procedure.

In order to issue the Report on the members of the Affected Group, the Appointments and Remuneration Committee will follow the procedure described below:

- (i) Procedure in cases of appointment.

a. When an appointment is proposed, the identity of the candidate will be notified to the Evaluation Procedure Unit.

- b. From then on, the Evaluation Procedure Unit will prepare and complete the File, which should be made available to the members of the appointments and remuneration committee via the Secretary of the Board of Directors.
- c. Based on the information contained in the File, the appointments and remuneration committee will make an analysis and issue the respective Report on the proposed candidate.
- d. In cases of doubt, the appointments and remuneration committee may request opinions from experts.
- e. Once issued, the Report will be made available to the Board of Directors
- f. Based on the File received, the Board of Directors will decide on the appointment proposed.

(ii) Procedure in cases of re-election.

- a. In cases where the re-election of a person subject to evaluation is proposed, the same procedure as that applicable in the case of an appointment will be followed, duly adapting it to the case of re-election.
- b. However, the Appointments and Remuneration Committee will limit itself to confirm the maintenance of the information contained in the File, or where applicable, to update it.
- c. The Appointments and Remuneration Committee will issue its Report based on the confirmation or update of the File.
- d. Based on the Report received, the Board of Directors will decide on the re-election proposed

(iii) Annual evaluation

With a yearly frequency and notwithstanding the evaluation due to the occurrence of the circumstances contemplated in section 6.4 (iv) of the Procedure, during the final four months of the year (commencing in 2014), Allfunds Bank, S.A. will set in motion the continuous evaluation of those persons holding positions and responsibilities that are subject to evaluation.

The annual evaluation will follow the procedure stated below:

- a. The Evaluation Procedure Unit will send to each of the affected persons a form for confirming or updating the statements made in the previous evaluation.
- b. The Evaluation Procedure Unit will examine the answers received and will assess the impact of any change or new circumstance on the suitability of the person being evaluated.
- c. If after having examined the new circumstances, the Evaluation Procedure Unit has any doubts as to the continued suitability of the evaluated person, such query will be submitted to the Appointments and Remuneration Committee, which should make a decision by means of a report issued under the terms contemplated in the Procedure.
- d. In cases of doubt, the appointments and remuneration committee may request opinions from experts.
- e. Once issued, the Report will be sent to the Board of Directors.
- f. On the basis of the Report, the Board of Directors will decide on whether it is necessary to correct any identified deficiencies or to replace the person being evaluated.
- g. In the light of the Report received, the board of directors will decide on the need of amending the identified deficiencies or the replacement of the person evaluated.

All documents and information in respect of the annual evaluation procedure will be included in the File of the evaluated person.

(iv) Evaluation due to change of circumstances

Persons holding positions and responsibilities that are subject to evaluation will be responsible for immediately notifying the Evaluation Procedure Unit of the occurrence of any event or circumstance that could affect the evaluation of their suitability for holding their respective position or responsibility, in the terms stated in this Procedure and current applicable regulations.

The Evaluation Procedure Unit will examine and assess the communications received and any facts or circumstances which could impact on the suitability of the evaluated person and which they have come to its knowledge in a founded manner or has become of common public knowledge. The Evaluation Procedure Unit will submit these communications to the Appointments and Remuneration Committee if it is deemed necessary.

The Appointments and Remuneration Committee will examine the facts or circumstances and assess their impact on the suitability of the evaluated person, and should issue its decision via a Report under the terms contemplated in the Procedure.

In cases of doubt, the Appointments and Remuneration Committee can request the opinions of experts.

Once issued, the Report will be sent to the Board of Directors.

Should the report from the appointments and remuneration committee be negative, Allfunds Bank S.A, by decision of the competent bodies or persons in each case and provided it is appropriate, should adopt the relevant measures to correct the deficiencies identified and where necessary, order the temporary suspension of definite cessation of the affected person.

Independently from the procedure envisaged in the case of annual evaluation or due to changing circumstances, and bearing in mind the severity of such circumstances, the body or person(s) responsible for the appointment, re-election or cessation of the evaluated person may adopt any preventive measures contemplated by Law, to be applied before or after the issuing of the Report.

All documents and information in respect of the evaluation due to changed circumstances will be included in the File of the evaluated person.

6.5. Notifications to the Bank of Spain and execution of resolutions.

Allfunds Bank, S.A. will carry out all communications and notifications arising from the evaluation of subjected positions and responsibilities contemplated in Law 10/2014 of 26 June on the functioning, supervision and solvency of credit entities and Royal Decree 84/2015 of 13th of February which further develops the same and in this Procedure which should be sent to the Bank of Spain.

a. Notification of appointments.

The appointment or re-election of new members of the Board of Directors, general managers and similar officers, will be notified within a maximum period of fifteen working days from the time of such appointment or re-election.

b. Other Notifications.

If following the evaluation due to changed circumstances as established in paragraph 6.4(iv), the adequacy and suitability Report is negative, and this is confirmed by the Board of Directors, Allfunds Bank, S.A. will notify such fact to the Bank of Spain within a maximum period of fifteen working days, likewise notifying the decision adopted with respect to such position, be it either temporary suspension or the definite cessation of the affected person.

Any other breach of Law 10/2014 of 26 June on the functioning, supervision and solvency of credit entities and Royal Decree 84/2015 of 13th of February which further develops the same will need to be notified to the Bank of Spain in the maximum period of fifteen working days from the moment the breach is known.

7. Maintenance of Information.

The Evaluation Procedure Unit will maintain and make permanently available to the Bank of Spain the updated list of the members of the Affected Group, the assessment on the suitability which has been conducted on each of them and the documentation evidencing such assessment.

June 2016

Appendix I

- **Members of the Board of Directors of Allfunds Bank, S.A.**

Tommaso Corcos - Director
Juan Manuel San Román López- Director
Carlos Díaz Núñez. - Director
Andrea Beltratti. - Director
Laura Febbraro. – Director
Gonzalo Alvarez Valentín- Secretary non Director
Marta Oñoro Carrascal- ViceSecretary non Director

- **General Manager and Deputy General Manager**

Juan Alcaraz López– General Manager
Gianluca Renzini- Deputy General Manager

- **Branch managers**

Licia Megliani- Milan Branch Manager
Simon Shapland – London Branch Manager
David Pérez de Albeniz – Singapore Branch Manager

- **Internal control functions: Finance & Risk, Legal, Compliance and Human Resources**

Iñigo Diez Bartolomé – Head of Finance & Risk
Elena Gayo del Pozo- Head of Compliance
Marta Oñoro Carrascal- Head of Legal
Enrique Klett Lasso de la Vega- Head of Human Resources
Juan Armendariz Vergarajauregui – Head of Internal Audit

- **Global Head of Operations, Global Head of IT, Global Head of Fund Groups and Global Head of Research**

Pablo Álvarez Lapeña- Global Head of Operations
Juan Carlos Gallego Sancho- Global Head of IT
Borja Lardo Landeta – Global Head of Fund Groups
Enrique Pardo Fernández– Global Head of Research

Title



MADRID



MILAN



LONDON



SANTIAGO DE
CHILE



DUBAI



LUXEMBOURG



ZURICH



BOGOTA



SINGAPORE

Additional Information

This presentation is delivered solely as reference material and is merely for information purposes. It does not constitute an offer to sell or a solicitation of an offer to buy any holdings and shares in any of the Allfunds group companies nor in any of the funds which may be available through Allfunds Bank, S.A. from time to time.

Allfunds Bank, S.A. is a credit entity duly registered with the Bank of Spain and authorised by the Spanish Securities Market Commission (CNMV) to act as a broker and fund distributor. Allfunds Bank, S.A. has branches in the United Kingdom, Italy and Singapore duly registered with the corresponding local authorities; Allfunds Bank S.A has a representative office in Santiago de Chile, registered with the Superintendencia de Bancos e Instituciones Financieras (SBIF), a representative office in DIFC, Dubai, United Arab Emirates regulated by the Dubai Financial Services Authority and a representative office in Bogotá, Colombia, duly registered with the Superintendencia Financiera de Colombia. Allfunds Bank, S.A. is also the parent company of Allfunds Bank International, S.A., a Luxembourg domiciled company licensed as a bank and registered as a bank with the CSSF (Commission du Surveillance du Secteur Financiere) to provide both banking and investment services.

Allfunds Bank International S.A. has in turn a Swiss affiliate, Allfunds International Switzerland Ltd, which holds a distributor licence from FINMA.

In countries other than the ones referred to above, Allfunds Bank, S.A. does not have a local branch nor a representative office and may have not requested the relevant licence to render investment services on a cross border basis. In this regard, this document should not be deemed as an offer of investment services by Allfunds Bank, S.A. and Allfunds Bank, S.A. shall decide at its own discretion or if it were stabilised by the local regulation to take the relevant steps to register with the local authorities.

No part of this material may be (i) copied, photocopied or duplicated in any form, by any means, or (ii) distributed to any person that is not an employee, officer, director, or authorized agent of the recipient, without Allfunds Bank, S.A.' prior written consent.

The information in the document is, and must be treated as confidential. Disclosure of any information contained in this document could give rise to a crime of confidence among others (save in respect for information that we have specifically agreed upon with you in writing or otherwise dealt with in this document, which is not confidential) except where (i) the disclosure of such information has been consented to by Allfunds Bank, (ii) such information is required to be disclosed pursuant to the applicable law and regulation and/or (iii) the relevant information is publicly available. If you are in any doubt as to whether information that we have provided to you and which is in your possession is confidential please consult with Allfunds Bank S.A. prior to the disclosure of such information.

Should you wish to invest in funds not domiciled in your country of residence, please consult your local regulatory and tax requirements and/or consequences. You are also urged to take appropriate advice regarding any applicable legal requirements and any applicable taxation and exchange control regulations in the country of your citizenship, residence or domicile that may be relevant to the subscription, purchase, holding, exchange, redemption or disposal of any share in funds. We refer you to the information and relevant materials for a more complete discussion of the risks relating to an investment in any particular fund. You are urged to read all of the offering materials, including the entire prospectus, prior to any investment in any fund, and to ask questions of the investment manager or sponsor of such funds.

Although certain information has been obtained from independent sources believed to be reliable, we do not guarantee its veracity, accuracy, completeness or fairness. Nevertheless we have relied upon and assumed without independent verification, the accuracy and completeness of all information available from those independent sources.



MADRID

MILAN

LONDON

SANTIAGO DE
CHILE

DUBAI

LUXEMBOURG

ZURICH

BOGOTA

SINGAPORE