

EQUILOR Befektetési Zrt. Conflict of Interests Policy

I. Introduction

The purpose of this document is to set forth the Conflict of Interests Policy of EQUILOR Zrt. (hereinafter "EQUILOR") in accordance with the provisions of Act CXXXVIII of 2007 on investment enterprises and commodity exchange service providers and the rules for activities they are allowed to perform (the "Bszr."), in order to prevent, detect and manage actual and potential conflicts of interests that are detrimental to the clients.

This Conflict of Interests Policy serves as a supplement to EQUILOR's general commitment whose aim is to ensure fair business conduct in the cooperation between the Company and its clients and partners.

This Conflict of Interest Policy was drawn up to ensure compliance with the following statutory regulations and other regulatory instruments:

- Act CXXXVIII of 2007 on investment enterprises and commodity exchange service providers and the rules for activities they are allowed to perform
- Act CXX of 2001 on the capital market
- Recommendation no. 5/2013 (III. 4) issued by the Chairman of the Hungarian Financial Supervisory Authority on the prevention by investment service providers of conflicts of interest that are detrimental to clients
- COMMISSION DELEGATED REGULATION (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive, data processing pursuant to this section is mandatory

II. Individuals and groups relevant for conflicts of interests

In the course of the service relationship between EQUILOR and its clients, situations giving rise to conflicts of interests may develop between the following parties:

- between customers and EQUILOR, and between relevant persons¹ and persons connected to EQUILOR directly or indirectly by way of control;
- between EQUILOR and employees, executive officers, relevant persons, and any other persons connected to them directly or indirectly by way of control;
- between clients and EQUILOR's employees and executive officers;
- between the different groups of customers.

It constitutes a conflict of interests regulated in this policy where one of the parties specified above, during the course of providing investment and ancillary services or a combination of the two, obtains an advantage or avoids a loss to the detriment of the other party, including accepting incentives offered by third parties and the conflict of interest arising from EQUILOR's own remuneration and other incentive structures.

The client category (as retail client, professional client, eligible partner) is not relevant for the definition of the existence of a conflict of interest.

Information on the prevailing Conflict of Interests Policy can be found on the Company's website (www.EQUILOR.HU/Ugyfeltajekoztatas/MiFID), and in the customer room at the EQUILOR Zrt. headquarters.

¹ **Relevant person:** a) the director, partner or equivalent, managing director, or tied agent of the enterprise; b) the director, partner or equivalent, or managing director of the enterprise's tied agent; c) the employee of the enterprise or tied agent, as well as any other natural person who makes his services available to the enterprise or its tied agent and subjects such services to the control thereof, and who participates in performing the company's investment services and activities; d) the natural person who directly participates in the services provided to the investment enterprise or its tied agent by way of outsourcing, the purpose of which is to perform the enterprise's investment services and activities.

III. Circumstances and events giving rise to conflicts of interests

As regards the investment services provided by EQUILOR, the following events giving rise to conflicts of interests may occur between the persons and groups specified in Section II:

- Throughout its consultancy activities, EQUILOR may provide services to clients that are competitors of each other and thus have conflicting interests.
- The interests of EQUILOR's partners operating business or commercial channels may differ from those of EQUILOR and/or its clients.
- EQUILOR, its managers or employees may obtain information with respect to buy or sell orders for a financial instrument of a significant volume, and both EQUILOR and its representatives may carry out buy or sell transactions prior to that transaction.
- Throughout its Corporate Finance or other service-related business activities, EQUILOR may acquire income through companies the owners of which are at the same time clients of EQUILOR.
- A conflict of interests may arise if EQUILOR, in performing a client's order, is also acting as a service provider engaged by another client as a broker.
- There may be a risk of conflict of interests if EQUILOR Zrt. acting on commission completes clients' orders using its own account as an owner of the security or as a buyer.
- EQUILOR cooperates in issuing financial instruments.
- EQUILOR, its employee or partner providing intermediation services obtains profits or avoids a loss to the detriment of clients.
- As regards the outcome of an investment service, the interest of EQUILOR, its employee or partner providing intermediation services differs from that of the client.
- EQUILOR, its employee or partner providing intermediation services becomes interested in preferring a specific customer or group of customers to another.
- EQUILOR, its employee or partner providing intermediation services receives another incentive different from the usual commission from a person other than the customer in connection with the customer's transactions.
- A conflict of interest may arise if an EQUILOR employee has an investment in a certain enterprise issuing securities and provides investment advisory services to clients regarding the same enterprise issuing securities.

IV. Business processes and services relevant for conflicts of interests

IV.1. Own account trading

EQUILOR has arranged its own account trading activities so that such transactions are implemented separately from customer orders. An employee dealing with own account trades is authorised to execute own account trades only, subject to appropriate controls.

IV.2. Securities brokerage

When acting as a securities broker, EQUILOR — unless the customer orders otherwise — shall perform customer orders in the sequence of their receipt, in accordance with statutory requirements. In order to prevent conflicts of interest between the different groups of customers, EQUILOR operates the retail, institutional, own account and portfolio management areas separately, regulating information flow among the different areas. When acting as a securities broker, EQUILOR shall ensure that the principle of equitable treatment is fully adhered to during the execution of customer orders.

IV.3. Personal business activities

EQUILOR has elaborated a detailed set of rules in view for the regulation of the personal business activities of its executive officers, employees, and relevant persons or persons connected to them directly or indirectly by way of control. The regulation determines the fundamental rules of personal business activities, and specifies trading prohibitions and restrictions in detail. The regulation exactly specifies the reporting and registration requirements connected to personal trades, and prescribes as

a general obligation of employees to report any suspicion of conflicts of interests to the persons who are adequately authorised to handle these.

IV.4. Business analysis

The prognoses and publications prepared by EQUILOR shall not be deemed as commercially providing ancillary investment services for investment research and financial research under Art. 5 (2) f) of the Bszt. EQUILOR makes these publications available to customers as advertisement for informational purposes only. The publications are available to all customers free of charge, if they had provided their e-mail address to EQUILOR and if they had subscribed to this service. At the same time, the business research division of EQUILOR operates as an independent organisational unit; the staff of this division do not participate in the tasks of other business lines, and their professional governance, control and remuneration is independent of the remuneration and governance of the business units.

IV.5. Corporate Finance division, corporate finance consultancy

The Corporate Finance division performs its tasks as a completely separated organisational unit. A so-called "Chinese wall" has been created between this division and other organisational units, and there are strict rules for the restriction of information flows concerning the division.

V. Procedures to prevent actual and potential conflicts of interests

V.1. Procedures and measures imposed to prevent and handle conflicts of interests

- EQUILOR and its employees are obligated to strictly bear in mind the extensive requirements of laws, professional bodies as well as professional standards in order to provide their services in a manner that takes into consideration the interests of clients. Furthermore they are obligated to pre-empt any possible situations of conflict of interests and take and initiate all reasonable action towards preventing or resolving the situation.
- EQUILOR ensures that the persons performing the different investment and ancillary investment services may carry out their activities with the greatest possible independence.
- As regards the arrangement of information flows among the different organisational units and employees it is an essential criterion that it should be controllable and should prevent losses arising from potential conflicts of interests.
- When elaborating its remuneration policy, EQUILOR ruled out any direct dependence between deals giving rise to conflicts of interests and the remuneration of persons fulfilling investment service tasks who participate in the execution of such deals.
- The organizational structure of EQUILOR, the separation of certain (professional) areas and tasks which are seen as sensitive in terms of conflicts of interests, and the regulation and control of the information flow within EQUILOR contribute efficiently to the avoidance of situations giving rise to conflicts of interests, and prevents the control of conflicts of interests developing in the course of the parallel or interdependent activities of employees from being impeded. It further prevents any person who does not have any task in the scope of investment and/or ancillary investment service activities from influencing in any way the employees fulfilling such tasks.
- EQUILOR regulates in detail the terms of the personal business activities that its executive officers, employees, and relevant persons or persons connected to them directly or indirectly may carry on, and the registration of such trades. In accordance with the provisions of the policy, it is strictly forbidden to conclude personal deals as a result of which the interests of the clients would be compromised; furthermore, such personal business activities may not have a negative effect on the fulfilment of the employee's obligations.
- Tied agents may carry out their activities subject to strict rules, and they are not allowed to manage the clients' assets, or to receive cash or securities from them. EQUILOR informs its customers of the rules concerning the activities of agents on its website, or in the relevant statement. EQUILOR controls the activities of agents.

- Cash and securities presented by EQUILOR's clients may be accepted in a documented manner strictly by EQUILOR's custody management employees working in a front office or back office role and expressly authorised to do so, or by EQUILOR's employees holding an up-to-date valid authorisation to accept cash and securities.
- EQUILOR has an internal regulation in place for the prevention of insider trading and market abuse.
- In view for the control of the trading activities of executive officers and employees, and for checking compliance with the regulations, EQUILOR operates controls embedded in the process as well as subsequent controls.
- In EQUILOR's operation, further special attention is paid to the aspects of conflicts of interest, among others as regards the selection and engagement of EQUILOR's executive officers, managers and employees, as well as the segregation of specific organisational units and the regulation of information flow.
- The executive officers, dealers, sales staff, investment consultants and investment analysts of EQUILOR and their close relatives as natural persons are permitted to have direct participation in other investment enterprises, to work as executive officers of an organisation having direct or indirect participation in other investment enterprises, to stand for any function or perform any activity in other investment enterprises and to work as an executive officer or employee for an enterprise issuing securities quoted in the regulated market only in strict compliance with the provisions of the applicable internal regulations.
- In case a specific conflict of interests is unmanageable with the tools used by EQUILOR, EQUILOR shall call the attention of its clients to the fact of the conflict of interests.
- In the interest of ensuring legal compliance and protecting client interests, EQUILOR continuously monitors the nature of authorisations pertaining to client and securities accounts, thus including the number of persons authorised to dispose of the given account and the accounts linked to the given natural person as the authorised party. For the sake of minimising risks, in addition to its continuously monitoring activity EQUILOR may also limit the number of persons with authorisation to handle a specific account and the number of authorisations connected to any given natural person, and it may refuse to accept an authorisation.

V.2. Rules concerning gifts, benefits and incentives

EQUILOR and its employees, tied agents, and their close relatives, furthermore persons with managerial positions and employees of companies belonging to EQUILOR's sphere of interests are not permitted to offer or give their partners and clients, or to receive from their partners and clients, any gift, benefit or incentive which may be to the detriment of their liabilities toward other partners and clients, or violate principles of business ethics.

In the case of transactions with certain financial assets, especially the sale, trading, redemption, issuing and auction of such assets, EQUILOR as an investment enterprise may receive commission in accordance with the provisions of the agreement with the counterparty. Such commission paid to EQUILOR may not in any form harm the interests of the clients. Upon the customer's written request, EQUILOR shall give further information on the commissions that may arise in respect of the transactions of the given client as per this section.

Taking into consideration the foregoing, the following incentives may occur in relation to EQUILOR's activities:

- Legal costs;
- Safe custody fees;
- Administrative duties;
- Commissions paid to agents;
- Benefits and fees paid to EQUILOR by third persons and qualifying as incentives (e.g. sales fee, commission);
- Commissions paid by counterparties to EQUILOR or its partners.

V.3. Statements and responsibilities related to Conflicts of Interests

All managers at EQUILOR are responsible for the identification, prevention, and handling of any situations potentially giving rise to conflicts of interests in the course of the operation of the organisational units under their control, and for observing the internal regulations related to these and for making sure that the same are observed by the employees.

EQUILOR's executive officer, employees, and relevant persons are obligated to notify the Company's compliance department, internal auditor, and direct superior in writing, indicating all or investment ancillary services provided by or on behalf of, as well as the investment activities performed by, EQUILOR where a conflict of interest resulting in a risk of infringement on client interests has taken place in the course of ongoing services or activities, or if such may take place, or if the circumstance giving rise to the conflict of interest has been terminated. The compliance department shall keep records of such services and activities and shall forward such notifications to the members of the Board of Directors.

It is the duty of the executive officers, employees, and relevant persons of EQUILOR to report any incidents and irregularities connected to conflicts of interests that they might recognise to the competent manager, internal auditor or compliance officer, who shall initiate the measures necessary for eliminating these.

Registration duties connected to actual and potential conflicts of interests are fulfilled by the compliance officer.

The compliance department shall be responsible for the regular maintenance and annual review of this Policy.

This amended Conflict of Interest Policy was entered into force in accordance with Resolution No. 01/04.19/2018 of EQUILOR's Board of Directors, with Chief Executive Officer's Directive No. 3/2018, on the day of 25 April 2018. As of this day, Chief Executive Officer's Directive No. 9/2017 is no longer in effect.

EQUILOR Ltd.