CONFLICTS OF INTEREST POLICY

ICBC (Europe) S.A. (Spółka Akcyjna) Poland Branch (the Bank) as a provider of a number of investment services on the financial market for a diverse group of entities faces potential and actual conflicts of interest. The purpose of the Conflicts of Interest Policy ("the Policy") is to enable the Bank's employees to easily identify and prevent or manage conflicts of interest. This document defines the general principles of handling conflicts of interest by identifying, preventing or managing and recording conflicts of interest applicable to the Bank.

The Policy applies to all employees, all functions and all units in the Bank. The Bank is relying on the general approach contained in the Global Conflict of Interest Policy of the ICBC (Europe) S.A. adjusted in accordance with local specific requirements in this area.

1. Glossary of terms for Policy

1) Client – domestic or foreign legal person, which it intends to conclude or has concluded with the Bank an agreement for the provision of investment services,
2) Legislation establishing the principles of the conflict of interest management:
   a) Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65 / EU of the European Parliament and of the Council with regard to organizational requirements and operating conditions of investment firms and concepts defined for the purposes of this directive (hereinafter referred to as "Regulation 2017/565),
   b) Act of 29 July 2005 on trading in financial instruments (consolidated text: Journal of Laws of 2014, item 94, as amended).
2) Conflict of interest - known to the Bank circumstances that may arise during the provision of one of the investment services or two types of brokerage services jointly, which may lead to a conflict between the interest of the Bank, the Relevant person or a person directly or indirectly related to the Bank and the interest of the Client or between the interests of several Clients, including conflicts of interest caused by receiving incentives from third parties or remuneration from the Bank and other incentive structures. In particular, such circumstances may include front running transactions executed by Relevant persons, as a result of which the Client could suffer loss or non-performance if the order would result in a loss for the Bank.
3) Relevant person – shall mean any of the following:
   a) a person being a member of any of the statutory bodies of the Bank,
   b) a person that has established an employment relationship, a contract of mandate relationship, or any other legal relationship of a similar nature with the Bank, as well as any other natural person whose services are at the disposal of and under control of the Bank,
   c) a natural person who directly participates in the rendering of Banking Services for the benefit of the Bank, pursuant to an Outsourcing Agreement, in connection with the Bank;

2. Identifying conflicts of interest

In order to identify conflicts of interest that may arise while servicing Clients orders and which may harm the interests of a Client, the Bank considers, by way of minimum criteria, whether at least one of the situations referred to below has taken place, regardless of the fact whether such a situation results from the performance of investment services, or whether it results from other reasons:

- the Bank may generate financial profits or avoid a financial loss, at the Client's cost,
- the Bank is interested in obtaining a specific result of the service rendered for the benefit of the Client, or of a transaction concluded for the benefit or in the name of the Client, which contradicts the interest of the Client,
- the Bank has financial or other reasons to attach greater importance to the interest of another Client or of a group of Clients,
- the Bank conducts the same type of activity as the Client,
- the Bank receives or will receive, from a person other than a given Client, in relation to a service rendered for the benefit of that Client, an incentive in the form of monetary or non-monetary benefits or services.

Potential and actual conflicts of interest in the sense of this Policy may arise between the interests of a customer on the one hand, and the interests of:

- the Bank,
- employees of the Bank (Relevant person),
- other parties related to the Bank

on the other hand.
Furthermore, such conflicts may occur between diverging interests of two or more of our customers in the context of services rendered by the Bank to those customers.

3. Organizational measures to prevent conflicts of interest

It is an integrated part of the Bank's culture to prevent conflicts of interest and, where they cannot be prevented, to manage them appropriately. For each conflict of interest, consideration will need to be given on how best to manage it to the appropriate level to protect the Bank and/or the affected Client(s). With our high level of financial competence, the Bank manages conflicts of interest through combinations of systems, controls, policies and procedures.

Moreover each conflict of interest regarding investment services, including financial instruments related products and services must be recorded in a conflicts of interest register as set out in internal procedures of the Bank related to this Policy.

The Bank uses internal measures to prevent potential conflicts of interest, including, inter alia, separation of units within the organisational structure, independence of the Relevant persons, rules of information flow and information barriers, internal control, risk management and training programs. Used internal measures and regulations implemented at the Bank are described in the ICBC Conflicts of Interest Policy.

The compensation systems of the Bank are designed to ensure that the remuneration of its employees does not interfere with its Clients' interests. The systems are set up to avoid any incentives which might motivate the employees to place the Bank's or their own interests above their Clients' interests. Particularly, at the Bank there is no connection between the amount of the remuneration of the Relevant person who perform mainly one type of activity and the amount of remuneration of other Relevant person who perform mainly a different type of activity or the amount of income generated by such other Relevant person, when in connection with these two types of activity a conflict may arise interests.

Moreover the Bank has implemented measures to eliminate or limit simultaneous or repeated cases of Relevant person’s participation in investment services or activities, or additional activities, when such participation may adversely affect the ability to properly manage conflicts of Interest.

4. Measures utilised to manage conflicts of interest

The Bank performs the management of a conflict of interests in three stages. The first stage assumes a general prevention of situations that could threaten a potential conflict. The second stage is taken by the Bank measures and procedures for managing a conflict of interest, including organisational solutions that prevent conflicts of interest in an institutionalized manner. If these two stages do not allow effective mitigation of a conflict of interest, the third step is to disclose to the Client conflict of interest as the measure of last resort, only where the effective organisational and administrative arrangements to prevent or manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Client will be prevented.
If the measures described above are insufficient to adequately address a specific conflict of interest related to a Client, the Bank should decline to act on behalf of the client.

In order to manage conflict of interests the Bank is required to use the following measures:

Information barriers
At an operational level, the Bank takes into account any circumstances, which may give rise to a conflict of interest occurring due to the structure and business activities within a business area. The Bank implements information barriers to either prevent or manage conflicts of interest that include: separation of premises, personnel, reporting lines, files, IT systems and confidentiality agreements.

Segregation of duties
The Bank emphasises the importance of maintaining segregation of duties as a fundamental measure to prevent and manage conflicts of interest. Accordingly, the principles of segregation of duties are reflected in the Bank’s organisational structures, procedures, reporting lines and internal controls.

Training and monitoring
The Bank ensures that the administrative framework also involves training and monitoring, including promotion of internal awareness, guidance, internal reporting, and monitoring of the effectiveness of the procedures to handle conflicts of interest.

Oversight of employees’ responsibilities
The Bank oversees employees’ responsibilities including professional appointments, promotions, tenure decisions, and assesses outside business interests, i.e. independent activities, to avoid or manage conflicts of interest.

5. Supplementary information

1) On the Client’s request, the Bank provide, using a durable medium, information or through the website of the Bank, additional information on the regulations for managing conflicts of interest in the Bank.
2) This information constitutes the information referred to in art. 47 (1 h) of Regulation 2017/565.

The policy has been in force since 30 November 2018.