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Board Directive

Global Conflicts of Interest Policy

Policy

GM-CO – Global Markets Compliance

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Summary (key message)

- The Policy governs the general requirements, applicable throughout Commerzbank Group so also within Commerzbank Zrt. ("Commerzbank"), for handling conflicts of interest. It is the governing Policy from which specific Policies are derived.
- Conflicts of interest may arise in the securities business (please refer to the "Global Securities Conflicts of Interest Policy"). Certain activities may indicate to corruption elements from the position of a third party. Possible conflicts of interest must be avoided or solved (please refer to the "Global Anti-Bribery and Corruption Policy"). Moreover, cross-divisional, special conflicts of interest (such as secondary activities) may arise; these are described in more detail in chapter B.3.
- The Policy provides staff with an overview of situations where potential conflicts of interest may arise, and sets out responsibilities within GM-CO (on local level: COM) for dealing with these various conflict situations.
- Non-compliance with the principles set out in this Policy by staff members may trigger consequences under employment law, such as a reprimand, a written warning, or termination of employment. From the Commerzbank's perspective, a breach of this Policy may result in potential claims for damages, or in reputational damage.
- This policy is the implementation of Global Conflicts of Interest Policy on Commerzbank Zrt. level.
- The local differences are highlighted in grey.

Definition of Key Terms

- **Ancillary investment services include, but not limited to:**
 - safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management;
 - granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction;
 - advice to enterprises on the capital structure, industrial strategy and related matters, and advice and services relating to mergers and the purchase of enterprises;
 - Foreign exchange trades, where these are connected to the provision of investment services;
 - preparing and disseminating financial analyses;
 - services related to underwriting.
- **An employer** is a legal entity employing staff within the meaning of the Policy.
- **Benefits/ Inducements** (for the purpose of this Policy) means: fees, commissions or other monetary benefits or non-monetary benefits granted by a third party (e.g. by a distribution partner to Commerzbank), or to a third party, in connection with an investment service or ancillary investment service. Examples for inducements include:
 - new issue premiums,
 - intermediary fees,
 - portfolio and sales commissions,
 - selling fees.

The following also count as inducements: gifts and entertainment provided by external parties (clients or business partners) to Commerzbank staff, or gifts and entertainment provided by Commerzbank staff to external parties. Guidance provided in the "Global Anti-Bribery and Corruption Standards" (chapter D.3 "Gift Policy") must be observed.

- **Clients** are all natural persons or legal entities to whom Commerzbank offers or provides (ancillary) investment services. Hence, the term "client" not only covers existing clients, but also persons or entities with whom Commerzbank currently has no business relationship yet ("potential clients"). This includes clients of other institutions employed by Commerzbank for sales of services and financial instruments, to the extent that the Client Information also targets these clients.
- **Conflicts of interest** (for the purposes of this Policy) means any circumstances where the risk of the professional judgment or action relating to a primary party may be influenced by other (secondary) parties. In this context, the concept of 'conflicts of interest' needs to be interpreted in a wider sense.
- **Employees** for purposes of this Policy are all persons with an active service, employment, business procurement or training relationship in Commerzbank or who are employed in a comparable way within the Commerzbank (e.g. non-permanent staff, interns, agency staff or freelance employees). Also regarded as employees in this sense are all natural persons directly involved in performing services for the Commerzbank under an outsourcing agreement for the performance of investment services. Members of the board of Managing Directors or senior management team are also regarded as employees for purposes of this Policy.
- **Financial Analysis**¹ (for the purposes of this Policy) means information about financial instruments or their issuers which, directly or indirectly, includes a recommendation for a particular investment decision (an "investment recommendation" or "investment strategy recommendation"), and which targets an indeterminate group of persons.

¹ "Information recommending or suggesting an investment strategy" and "investment recommendations" pursuant to Article 3 (1) nos. 34 and 35 of the EU Market Abuse Regulation (MAR)

- **Personal conflicts of interest** are conflicts of interest affecting employees; these are usually characterised by the fact that an employee is faced with a conflict between his own (usually financial) interests and Commerzbank's interest – for example, in the event of a change of job (or employer), secondary activities, or when accepting mandates. In the UK and Asia, “secondary activities” is also known as outside business interests.
- **Financial instruments** include securities, money-market instruments, derivatives (including on foreign exchange and commodities), subscription rights on securities, emission allowances and investments (e.g. silent partnership contributions, profit participation rights and registered debt securities).
- **Investment services include, but not limited to:**
 - the acceptance and transmission of orders in relation to one or more financial instruments;
 - the execution of orders on behalf of clients;
 - dealing on own account;
 - portfolio management;
 - investment advice;
 - underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;
 - placement of financial instruments without a firm commitment basis;
 - operation of a multilateral trading facility (MTF).
- **Mandates** (for the purposes of this Policy) are secondary activities by employees on corporate bodies and committees of companies or institutions within or outside the Group, outside such employees' duties for their employer, in line with their employment contract.
- **Third parties** (within the meaning of this Policy) are deemed to be all legal entities and/or individuals that are not Commerzbank clients (e.g. distribution partners).

A. Objective and Scope

A.1. Objective

The purpose of this Policy is to implement measures to identify and manage potential conflicts of interest. Acting in the client's interest is Commerzbank's mission. This also means that adequate precautions must be taken to identify any potential conflicts of interest which may arise (and which might be to the client's detriment), in order to avoid or competently manage them.

Conflicts of interest are to be handled, in accordance with Commerzbank's code of conduct (which is binding upon all employees) and Commerzbank's company values. As a matter of principle, all parties involved in business activities must be treated fairly and in line with current market conditions. When assessing a (potential) conflict of interest, factors such as standard market practices and standards, and the professional conduct of all those involved should be taken into consideration. The majority of conflicts can usually be minimised at an early stage, through appropriate organisational measures (see chapter B.4).

Conflicts of interest shall be disclosed where organisational and administrative arrangements designed to avoid or manage such conflicts of interest are not sufficient to ensure, with adequate certainty, that risks of client interests being violated are averted. Commerzbank's business activities may be discontinued, or restricted – or a transaction may not be executed – if legal or reputational risks cannot be managed appropriately.

A.2. Scope and Target Group

This Policy is binding for all Commerzbank staff worldwide. This includes domestic and foreign subsidiaries as defined in the "Global Legal Entity Management Policy".

In addition to this Policy, any policies and procedures of the business segments apply, which may contain more detailed and/ or stricter rules on individual conflict of interest scenarios.

Country-specific regulations are applicable on top of the principles set forth in this Policy, and must be complied with, without exception. In the event of conflicts between local regulations and this Policy, the stricter rules shall apply. COM shall notify the Divisional Head of Global Markets Compliance of any legal restrictions leading to non-compliance with the standards set out below. The Divisional Head of Global Markets Compliance may delegate his decisions regarding such non-compliance. Divergence from the minimum standards set out in this Policy are only permitted where local law provides for stricter requirements.

B. Managing conflicts of interest

B.1. Introduction

Banks and companies in the financial services sector frequently need to deal with various types of conflicts of interest. These may occur in the situations outlined below, for example, but are not limited to:

- Commerzbank clients;
- clients, business partners, and Commerzbank;
- Commerzbank, clients, business partners, and Commerzbank employees; or
- different Commerzbank business divisions/ legal entities.

Conflicts of interest generally arise where several persons or organisations have an interest in realising identical business opportunities, which may involve disadvantages for the counterparty and/or the client. Such potential conflicts of interest are identified by way of appropriate precautionary measures; amongst other measures, they are examined and managed by GM-CO (COM on local level).

Moreover, Commerzbank prohibits any direct or indirect granting, acceptance, demand or enforcing of any kind of bribery in favour of employees, government officials, trade organisations, or persons related to Commerzbank or its fields of activity. Certain activities may indicate to corruption elements from the position of a third party. Possible conflicts of interest must be avoided or solved (please refer to the “Global Anti-Bribery and Corruption Policy”).

B.2. Examples of potential conflicts of interest

Conflicts of interest may appear in the various forms or scenarios (as outlined in the table shown in the supplement). In particular, the conflicts of interest may occur, which are governed in more detail by the “Global Anti-Bribery and Corruption Policy” and the “Global Securities Conflicts of Interest Policy”).

B.3. Special conflicts of interest

Conflicts of interest affecting employees are usually characterised by the fact that an employee is faced with a conflict between his own (usually financial) interests and Commerzbank's interests. Employees must disclose potential conflicts of interest in personal situations where – both to protect themselves and Commerzbank's interests. Given employees' duty to disclose potential conflicts of interest to their superior, Commerzbank has the opportunity to disclose such conflicts of interest to the involved conflict parties, and to work on a solution in order to protect the employee as well as Commerzbank. In cases of doubt, line managers must notify the responsible Divisional Board member of any personal conflict of interest without delay – e.g. in the event of retired employees planning to utilise services, in the event of change a job (or employer), secondary employment or when accepting professional mandates.

B.3.1. New hires

When new employees or managers are hired, attention should be paid to conflicts of interest between the duties previously performed and the new function at Commerzbank. In particular, if the applicant was previously employed at a state institution such as a court or a public authority (e.g. tax authorities, criminal prosecution authorities or supervisory authorities such as the trade supervisory authority, the competition authority, the Federal Financial Supervisory Authority, etc.), a conflict of interest may be of criminal law relevance, especially if this results in the breach of an official secret. Such conflicts of interest must therefore be avoided or eliminated. Conflicts of interest may also arise if relatives or friends of Commerzbank employees should be hired at

Commerzbank or other irrelevant considerations for the selection of applicants take into account (e.g. hiring of clients or business partners or their relatives as trainees/interns or consultants).

If indications of potential conflicts of interest arise during the hiring process, the employee must disclose them to their superior and GM-CO (COM on local level) immediately. In cases of doubt, line managers must notify the responsible Divisional Board member of any personal conflict of interest without delay.

B.3.2. Secondary activities

Secondary activities, which are only permitted at the request of the respective line manager and after the approval of the respective HR division, may also give rise to conflicts of interest – and are only permitted with the employer's approval (see "Links" in Appendix). That means that the responsible Human Resources division of the Commerzbank Group has to approve the employee's request. Employees themselves, line managers (or GM-HR) (HR on local level) must involve GM-CO (COM on local level) in the event of any indication of conflicts of interest. Secondary activities are approved if they do not compromise the fulfilment of duties under the employment relationship, and provided that Commerzbank legitimate interests are not affected. In particular, secondary activities must not conflict with Commerzbank business activities, or with the banking or financial services it offers. The same applies to contracts on the direct or indirect purchasing of services or goods entered into with active or former employees of Commerzbank.

Terms of employment may include additional requirements or prohibitions.

For details on the approval of secondary activities, please refer to " Personal online" (Employment contract > Secondary activities > Information).

B.3.3. Exercising mandates

The exercise of mandates by employees in entities within or outside of Commerzbank Group may also lead to conflicts of interest – for example, where a relationship manager holds an office. The "Global Directorship Policy" sets out details regarding general global notification and approval obligations for mandates vis-à-vis GM-F (FIN on local level) Corporate Investments.

B.3.4. Financial participations in commercial enterprises

A conflict of interest may also arise where an employee or a related party (such as a spouse, a registered domestic partner, a dependent child, or another person having shared the same household for at least one year) holds, or intends to enter into, a material financial interest in a business outside Commerzbank. In particular, a conflict of interest will occur where such a financial interest lies within the professional area of responsibility of the employee concerned. Where employees are aware of related parties planning to enter (or having entered) into such a participation, they shall ensure such participation is notified as well. Furthermore, the establishment of companies by Commerzbank itself may give rise to conflicts of interest. Where employees are active in the newly-established company as well as in Commerzbank, fiduciary duties as well as obligations to protect the new entity may lead to conflicts of interest and/or conflicts of duties vis-à-vis Commerzbank.

Any kind of financial participation must be notified to the responsible Human Resources division via the responsible line manager, who will decide – in coordination with GM-CO (COM on local level) – if and which kind of measures need to be taken in order to prevent (or rectify) a conflict of interest. This regulation does not cover financial investments in listed companies, e.g. by way of purchasing shares, other listed securities or derivatives.

Moreover, the regulations on conflicts of interest in connection with (ancillary) investment services, as set out in the "Global Securities Conflicts of Interest Policy", must be observed.

B.3.5. Benefits/ inducements

B.3.5.1. Gifts and entertainment

Gifts, invitations to lunch or dinner or to events, as well as other personal favours granted to staff may give rise to conflicts of interest. This is why gifts and entertainment must remain in an appropriate level, and must not be offered with dishonest intent. Gifts, benefits or services may give rise to expectations of subsequent transactions or business favours. In order to be able to provide employees with a reliable framework and to safeguard a maximum in transparency, Commerzbank has established regulations governing the acceptance of, and the granting of personal inducements by employees. The purpose of this Policy is to counteract any form of illegal or inappropriate intervention through benefits or inducements. It sets out binding principles, maximum amounts, exclusions and approval processes for the acceptance or granting of benefits or inducements; it governs the handling of invitations in order to prevent any inappropriate conflicts of interest, and to prevent even the impression that the professional independence of employees might be compromised. For more detailed information, please refer to the "Global Anti-Bribery and Corruption Policy".

B.3.5.2. Benefits/ inducements related to (ancillary) investment services

Accepting benefits or inducements from third parties, or granting benefits or inducements to third parties in connection with the provision of (ancillary) investment services is generally prohibited. Where Commerzbank distributes securities, it may receive inducements from fund management companies or securities issuers, which are permitted under legal requirements, when showing clear benefit to the client. GM-CO (COM on local level) and/ or GM L (JOG on local level) will verify the permissibility of benefits/inducements received in connection with (ancillary) investment services.

For more detailed information, please refer to the "Global Securities Conflicts of Interest Policy".

B.4. Procedures established, and measures taken, by Commerzbank for handling conflicts of interest

Once Commerzbank has identified conflicts of interest, it must take measures to avoid (or appropriately manage) potential or actual conflicts of interest. Commerzbank has taken precautionary measures in order to ensure this – including, in particular, procedures and measures for the handling or resolution of potential conflicts of interest:

- monitoring the handling and disclosure of inside information, including the requirements for information barriers and the related processes (refer to the "Wall-Crossing Procedure" and the "Global Information Handling Policy");
- handling of potential or actual conflicts of interest by imposing restrictions, via the Restricted List (see chapter D of the "Global Securities Conflicts of Interest Policy");
- establishing areas of confidentiality;
- disclosure of the conflict of interest to the (potential) client or other parties involved (if applicable, obtaining the client's consent to the transaction being continued);
- executing all client orders in accordance with the best execution principles (see the "Global Client Protection Policy");
- event-driven shifts of responsibility (e.g. coverage of clients or suppliers);
- Documentation, approval according to the responsibility and control of inducements in tools provided for this purpose at Commerzbank AG Inland, New York and the UK. In all other locations there are manual processes.

B.5. Disclosure of conflicts of interest

Where a conflict of interest cannot be resolved, information about the conflict of interest must be disclosed to the affected client or business partner, provided that this does not constitute a breach of applicable local regulations. Conflicts of interest shall only be disclosed where the measures designed to avoid or manage such conflicts of interest are insufficient to ensure, with adequate certainty, that the client's interests are not violated. Thus, it must be examined beforehand whether the conflict of interest cannot be avoided or managed with other adequate and appropriate arrangements.

If personal interests resulting from a planned secondary employment conflict with interests of Commerzbank, the employee must inform the Local Compliance Officer or GM-CO (COM on local level) about this conflict of interest as far as legally possible. A comprehensive disclosure would be legally inadmissible if, e.g., the employee is obliged to maintain confidentiality by law or contract in regards to the planned secondary employment. Nevertheless, the employee must disclose the conflict of interest without disclosing specific details.

C. Responsibilities

The members of the Board of Managing Directors, the Divisional heads of business units and Executive Management Board members have particular responsibility for identifying, avoiding and, where necessary, managing conflicts. Accordingly, the functionaries need to make a comprehensive contribution to identify and resolve conflicts of interest. In particular, they are obliged to take any measures required to ensure that employees have a clear understanding of how different types of conflicts need to be treated, which types of conflict are considered unacceptable, and when the Board of Managing Directors / the Divisional heads of business units must be notified of conflicts, requesting a decision.

Moreover, GM-CO (COM on local level) needs to ensure that effective processes are in place to identify and regulate potential or actual conflicts at an early stage. GM-CO (COM on local level) informs the executive board members on a regular basis (by way of annual reporting – when necessary, also on an ad-hoc basis) about facts related to conflicts of interest. GM-CO (COM on local level) also conducts training programmes, at regular intervals, in order to raise staff awareness in this respect.

Every employee is responsible for ensuring compliance with the requirements of this Policy in his or her activities.

D. Controls

Within the framework of the 'three-lines-of-defence' model, each business segment shall implement regular or event-driven risk-based checks for an appropriate and effective management of conflicts of interest, involving GM-CO (COM on local level) if appropriate.

Likewise, in addition to checks related to business processes, GM-CO (COM on local level) will also conduct regular or event-driven risk-based checks, both within its own area of activity and in the business segments, as a second line of defence – for example, in the form of Compliance reviews or through on-site visits.

Commerzbank consistently pursues identified breaches of workflow instructions concerning adherence with statutory rules.

E. Approval, Implementation and Review

The preparing unit is responsible for the content and the update of this Directive. Preparing unit: COM

Consultant: JOG

Approval unit: Board of Directors

As of the date this Policy enters into force CEO Directive 36/2017/01/IG/COM shall be repealed.

F. Related documents

This Policy is based on the following documents:

No.	Document name	Type	Version / date
1	Global Securities Conflicts of Interest Policy	Policy	1.1 / 30.12.2017
2	Global Anti-Bribery and Corruption Policy	Policy	1.0 / 01.03.2017
3	Global Anti-Bribery and Corruption Standards	Policy	1.0 / 01.04.2017
4	Globale Directorship -Policy	Policy	1.8 / 01.09.2017
5	Exercise of foundation mandates by Commerzbank staff (only available in German)	Policy	1.1 / 31.07.2017
6	Global Personal Account Dealing Policy	Policy	1.1 / 30.12.2017
7	Wall-Crossing Procedure	Procedure	1.0 / 31.07.2017
8	Global Client Protection Policy – Treating Customer Fairly	Policy	1.1 / 30.12.2017
9	Global Legal Entity Management Policy	Policy	1.0 / 01.05.2017
10	Global Information Handling Policy	Policy	1.0 / 19.09.2017

G.Appendix

- **List of Abbreviations**

Abbreviation	Description
COI	Conflict(s) of interest
GM-C	Group Management Communications
GM-F	Group Management Finance
GM-CO	Group Management Compliance
GM-DS	Group Management Development & Strategy
GM-HR	Group Management Human Resources
GM-L	Group Management Legal

The abbreviations used in this Directive for the identification of departments are consistent with those in the annex to the valid CEO Directive on Regulations Policy at all times.

- **Links**

Topic	Links (extern / internal)
Secondary employment and mandates (Nebentätigkeit und Mandate)	http://comnet.intranet.commerzbank.com/comnet/de/zentrale_1/personal_5/arbeitsverhaeltnis_1/nebentaetigkeit_und_ehrenamt/nebentaetigkeit.jsp (only in German available)

- **Document history**

Version	Date	Section	Modification / background
1.0	01.07.2018		New policy regarding Commerzbank Zrt.

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