

REGULATIONS OF SERVICE
OF MAKING AND DISTRIBUTING RECOMMENDATIONS FOR
PROFESSIONAL CLIENT AND ELIGIBLE COUNTERPARTY

§1

In these regulations, the following terms shall be understood to mean:

- 1) **Brokerage House/Recommender/ESP** - Erste Securities Polska S.A.;
- 2) **Recommendation Distributor** – Brokerage House;
- 3) **Financial Instruments Issuer** - an issuer of financial instruments to which a recommendation directly or indirectly relates;
- 4) **ERSTE Bank Group** - the Brokerage House and the capital group to which the Brokerage House belongs within the meaning of Article 3 (1) item. 44 of the Accounting Act of 29 September 1994 (Journal of Laws 2009, No. 152, item 1223, as amended);
- 5) **Financial Instruments** - instruments within the meaning of Article 2 of the Act on Trading in Financial Instruments of 29 July 2005 (Journal of Laws 2005, No. 183, item 1538, as amended);
- 6) **Client** - a legal entity or an organisational unit without legal personality, to which the law grants legal capacity, being a Professional Client or Eligible Counterparty;
- 7) **Professional Client** - client within the meaning of art. 3 item. 39b of the Act on Trading in Financial Instruments of 29 July 2005 (Journal of Laws 2005, No. 183, item 1538, as amended);
- 8) **Restricted List** - a list of financial instruments which may not be traded by or on behalf of an Relevant Person and which are made for the account of (i) a Relevant Person; (ii) a person with whom the Relevant Person has a family relationship or close relationship; (iii) a person in relation to whom the Relevant Person has, directly or indirectly, a material interest in the transaction, other than to receive a fee or commission for effecting the transaction;
- 9) **Watch List** - means a list of financial instruments that may be traded by or on behalf of a Recommender, a Recommendation Distributor or a Relevant Person for the account of: (i) a Recommender, a Recommendation Distributor or a Relevant Person; (ii) a person with whom a Recommender, a Recommendation Distributor or a Relevant Person has a relationship of kinship or close association; (iii) a person in relation to whom the Recommender, Recommendation Distributor or Relevant Person has, directly or indirectly, a material interest in the transaction in question, other than the receipt of a fee or commission for the execution thereof, provided that such transactions are reviewed and supervised by a person acting as a supervisory inspector at the Brokerage;
- 10) **Relevant Persons** - the persons referred to in Article 2(1) of 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 (OJ EU L 87 O.J. 2005, No. 183, item 1538, as amended);
- 11) **Recommendations** - information recommending or suggesting an investment strategy, explicitly or implicitly, concerning one or several financial instruments or the issuers of financial instruments, including any opinion as to the present or future value or price of such instruments, intended for distribution channels or for the public. Recommendations provided to Brokerage House's clients relate to issuers of financial instruments listed on the Warsaw Stock Exchange and other regulated markets;
- 12) **Eligible Counterparty** - a client within the meaning of Art. 3 para. 39d of the Act on Trading in Financial Instruments of 29 July 2005 (Journal of Laws 2005, No. 183, item 1538, as amended).

§2

1. The Brokerage House provides the service of preparing and distributing Recommendations as an additional service, in addition to the services provided in connection with its brokerage activities.
2. The Brokerage House does not provide Recommendations or any other investment studies referred to in Article 76 of the Act on Trading in Financial Instruments of 29 July 2005 (Journal of Laws of 2005, No. 183, Item 1538, as amended), i.e. taking into account the needs and situation of the Client. Thus, this service does not constitute in particular the provision of investment advisory services.

3. The services referred to in section 1 shall be provided by the Brokerage House on the basis of these regulations and the agreement concluded with the Client.
4. When providing the service referred to in section 1, the Brokerage House shall not entrust a third party with the performance of activities connected with that service.

§3

1. In order to conclude a contract, Clients are required to:
 - 1) provide an extract from the relevant register or a certificate of entry in the register of business activity, or any other equivalent official certificate stating that the entity has been established in accordance with the law and specifying its method of representation and documents specifying the persons authorised to submit declarations of intent on behalf of the client;
 - 2) a certificate of assignment of a statistical number (REGON), insofar as these entities are required to obtain such a number under the applicable legislation;
 - 3) specimen signatures of persons authorised to dispose of accounts and registers kept by the Brokerage House on behalf of the Client.
2. In justified cases, the Brokerage House may demand other documents to be presented as well. In the event that the person applying to conclude an agreement is a Client with its registered office outside the territory of the Republic of Poland, the Brokerage House may demand that the documents be translated into Polish by a sworn translator.
3. The contract is concluded in writing and drawn up in two counterparts, one of which is for the Client.

§4

1. Signatures on the agreement should be made in the presence of an authorised employee of the Brokerage House. Otherwise, the signatures should be authenticated by a notary public.
2. In the case of signatures affixed by correspondence by a Client with a registered office outside the territory of the Republic of Poland, such signatures should be certified by authorised bodies pursuant to local law.

§5

1. Persons whose specimen signatures have been affixed in the manner set out in the regulations are authorised to carry out all activities connected with the execution of the provisions of the contract.
2. The Client shall be obliged to immediately inform the Brokerage House in writing of any change to the data contained in the agreement. Such changes shall be effective against the Brokerage House no later than the next business day following the day of their receipt by the Brokerage House.

§6

1. The Client may appoint a proxy or proxies to perform the activities specified in the agreement.
2. A power of attorney is granted by submitting it in writing in the presence of a Brokerage House employee. Otherwise, the principal's signature should be notarised.

§7

A power of attorney may be granted as a power of attorney:

- 1) general - authorising to act to the same extent as the principal;
- 2) generic - authorising the performance of specific types (kinds) of activities specified in the power of attorney;
- 3) specific - authorising the performance of only a designated action, as specified in the power of attorney.

§8

The proxy shall not be entitled to grant further powers of attorney unless the agreement with the Client or the power of attorney states otherwise.

§9

1. The power of attorney may be amended or revoked by the Client at any time.
2. The power of attorney shall expire as a result of the bankruptcy or liquidation of the Client or the attorney.
3. The power of attorney shall also expire upon the death of the Client or the proxy, unless otherwise stipulated in the power of attorney.
4. The modification or revocation of the power of attorney shall become effective against the Brokerage House as of the moment the Brokerage House receives information about the revocation.
5. The declaration of revocation of a power of attorney should be made in the same form as its granting.

§10

1. In order to ensure the appropriate level of information, Client protection and quality of service provision, the Brokerage House qualifies each Client as a Professional Client or Eligible Counterparty, of which it informs them prior to provision of the service referred to in §2 section 1, using a durable medium, including in writing.
2. The Client shall have the right to change the category upon his/her written request, which shall be considered by the Brokerage House in accordance with the procedure described in paragraph 4.
3. Prior to concluding an agreement with the Client, the Brokerage House shall inform the Client of the possibility of the Client presenting a written application containing a request to change the classification made by the Brokerage House.
4. A request for reclassification requires a written request. Upon receipt of the request, the Brokerage House's compliance officer forwards it to the Member of the Management Board together with an opinion as to whether the request can be granted. The Member of the Management Board, on behalf of the Brokerage House, decides whether to accept or reject the request. The Client is immediately informed of the decision, together with information on the principles for treating the Client as a Professional Client - this applies to a situation where a Client, originally classified by the Brokerage House as an Eligible Counterparty, has submitted an application containing a request to be treated as a Professional Client, and the Brokerage House has considered the application positively.

§11

Due to the additional nature of the Recommendation making service provided, the Brokerage House:

- 1) shall not charge clients any fees or commissions relating to the provision of this service;
- 2) does not demand the delivery of cash.

§12

The Recommendation should include:

- 1) the name and position of the person drawing up the Recommendation,
- 2) the name (business name) and registered office of the Brokerage House,
- 3) details of the entity supervising the Brokerage House.

§13

1. In addition to the data listed in §12, the Recommendation should include, in particular:
 - 1) the date and time of completion of the Recommendation;
 - 2) indicating the circle of addressees of the Recommendation;
 - 3) explanations of the technical terminology used in the Recommendation, insofar as this terminology could be misunderstood by the addressees of this Recommendation;

- 4) a list of all Recommendations on a particular Financial Instrument or Issuer of Financial Instruments that have been disseminated by the Recommender in the last 12 months, containing in particular for each Recommendation: the date of dissemination, the name and position of the person making the Recommendation, the target price and the relevant market price at the time of dissemination, the direction of the Recommendation and the validity of the target price or Recommendation period;
- 5) an indication of the method and basis of valuation adopted in assessing the Financial Instrument or the Issuer of Financial Instruments, as well as the weaknesses of the methods used to value the Financial Instruments, in a manner that enables the addressees of the Recommendation to assess the risk of investing in the Financial Instruments in question in accordance with the Recommendation;
- 6) if the Recommendation has been disclosed to the Issuer of the Financial Instruments to which it directly or indirectly relates and is subsequently amended, an appropriate statement;
- 7) a summary of any basis of valuation or methodology and assumptions used to evaluate the Financial Instrument or the Financial Instrument Issuer or to determine the target price of the Financial Instrument, and an indication and summary of any changes to the valuation, methodology or assumptions used;
- 8) an indication of where detailed information on the valuation or the methodology and assumptions used can be easily and directly found where the preparer of the Recommendation did not use proprietary models;
- 9) an indication of where relevant information on proprietary models can be easily and directly found, in case the preparer of the Recommendation has used proprietary models;
- 10) the meaning of any recommendation made, such as '*buy*', '*sell*' or '*hold*', and the time frame of the investment to which the Recommendation relates, duly explained together with any appropriate risk warnings, including a sensitivity analysis of the relevant assumptions;
- 11) reference on the planned frequency of updating the Recommendation;
- 12) an indication of the relevant date and time for each price of the Financial Instruments mentioned in the Recommendation;
- 13) where the Recommendation differs from any previous Recommendation concerning the same Financial Instrument or Financial Instruments Issuer that has been circulated in the last 12 months, the changes and date of such previous Recommendation;
- 14) information as to whether the Recommender has a net long or net short position in excess of a threshold of 0.5% of the issued share capital of the Issuer of the Financial Instruments in aggregate, together with an explanation as to whether it is a net long or net short position, if the Recommender has such a position;
- 15) information that the Issuer of the Financial Instruments, if the Issuer of the Financial Instruments holds any interest in excess of 5% of the total issued share capital of the Recommender;
- 16) information on:
 - a) acting as a market maker or liquidity provider in relation to the Financial Instruments of the relevant Financial Instruments Issuer;
 - b) acting as guarantor or co-guarantor of any publicly disclosed offer of Financial Instruments of the relevant Issuer of Financial Instruments in the preceding 12 months;
 - c) being a party to an agreement with the Issuer of Financial Instruments concerning the provision of investment services referred to in Article 69(2) and (4) of the Act on Trading in Financial Instruments of 29 July 2005 (Journal of Laws of 2005, No. 183, item 1538, as amended), provided that this does not involve the disclosure of any confidential commercial information and the agreement has been in force for the past 12 months or has resulted in an obligation to pay or receive compensation during the same period;
 - d) being a party to an agreement with the Issuer of Financial Instruments to make Recommendations;

- e) a description of the actual internal organisational and administrative arrangements and any information barriers established to prevent and avoid conflicts of interest relating to the Recommendation;
 - f) the remuneration of the person drawing up the Recommendation, if it is directly related to transactions concerning the provision of investment services referred to in Article 69(2) and (4) of the Act on Trading in Financial Instruments of 29 July 2005 (Journal of Laws 2005, No. 183, item 1538, as amended), or to fees for transactions that the Recommender receives;
 - g) the price and purchase date of a Financial Instrument in the event that the persons making the Recommendation receive or purchase a Financial Instrument of the issuer of the Financial Instrument to which the Recommendation relates, directly or indirectly, prior to a public offering of such Financial Instrument.
2. The Recommendation should also include an assurance by the person making the Recommendation that he or she has acted with due care and diligence in making the Recommendation, and an indication of whether and to what extent the person making the Recommendation is responsible for acting in accordance with the Recommendation.
 3. The recommendation should be based on at least two valuation methods for the Financial Instruments, among those indicated in §17(1).
 4. Notwithstanding the elements listed above, the Recommendation must disclose all relationships and circumstances that could reasonably be expected to impair the objectivity of the Recommendation, including interests or conflicts of interest, on the part of the persons preparing the Recommendation or any natural or legal person who works for them, whether under a contract of employment or otherwise, and who participated in the preparation of the Recommendations, concerning any Financial Instrument or Financial Instrument Issuer to which the Recommendation relates, directly or indirectly. The disclosures referred to in the preceding sentence shall also include any interest or conflict of interest that:
 - 1) are known or can reasonably be expected to be known to those involved in the preparation of the Recommendation; or
 - 2) are known to persons who, although not involved in the preparation of the Recommendation in question, had or may reasonably be expected to have had access to the Recommendation prior to its completion.
 5. The disclosure referred to in paragraph 4 shall also apply to any interest or conflict of interest of any person having a close relationship with the person making the Recommendation.
 6. It is possible not to include in the Recommendation, the information specified in §13, section 1, points 4), 7), 10) and 14) to 16) inclusive, if their inclusion proves disproportionate in relation to the length or form of the Recommendation. In such a case, however, it must be specified in the Recommendation where the persons receiving the Recommendation can easily find the directly accessible, free of charge information they require.

§14

1. Persons drafting the Recommendations must ensure their compliance in terms of:
 - 1) clear separation of facts from interpretations, estimates, opinions and other types of non-factual information;
 - 2) clear and visible identification of all relevant sources of information;
 - 3) the reliability of all sources of information or, where there is any doubt as to the reliability of a particular source, a clear indication of this fact;
 - 4) a clear and prominent indication of any projections, forecasts and target prices, and an indication of significant assumptions made in their preparation or use;
 - 5) a clear and prominent indication of the date and time of completion of the Recommendation in question.

2. It is possible not to disclose in the Recommendation, the information referred to in paragraph 1 (2) and (5), if their inclusion proves disproportionate in relation to the length or form of the Recommendation. In such a case, however, it must be specified in the Recommendation where persons receiving the Recommendation can easily find the directly accessible, free of charge information they require.

§15

The Recommender publishes information on what proportion of all Recommendations are "*buy*", "*hold*", "*sell*" or equivalent recommendations in the last 12 months, and what proportion of the Issuers of Financial Instruments can be attributed to each of the above categories for which the Recommender provided investment services referred to in Article 69(2) and (4) of the Act on Trading in Financial Instruments of 29 July 2005 (Journal of Laws 2005, No. 183, item 1538, as amended) in the last 12 months. Such information may be included in the Recommendation or on the ESP website.

§16

The Brokerage House shall provide the Client with information regarding the service provided in electronic form.

§17

1. In preparing the Recommendations, the Brokerage House uses the following valuation methods for the Financial Instruments:
 - 1) the discounted cash flow method;
 - 2) comparative (index) method;
 - 3) discounted dividend method;
 - 4) net asset value method.
2. The recommendation made by the Brokerage House should contain all the data and information set out in these Regulations.
3. Recommendations are made in an automated manner, using IT solutions, in written form on the basis of publicly available information material and economic data.
4. The Recommendations produced, together with the materials used to prepare them, are stored on the ERSTE Bank Group's remote servers and saved on the Brokerage House's local network drive.
5. Persons responsible for the preparation and approval of Recommendations are the Director of the Research Department. The person from the Brokerage House Management Board responsible for the Research Department is the Member of the Management Board supervising the work of the Research Department, as defined in the Brokerage Organisational Regulations.
6. The Director of the Sales Department of the Brokerage House decides whether to forward a Recommendation to a particular Client by adding the Client to a special mailing list.
7. The Brokerage House transmits Recommendations to Clients with varying frequency. The fact of transmitting Recommendations results from a general assessment of market events and the demand for the performance of Recommendations on the part of the Brokerage House's Clients. Forwarding Recommendations with varying frequency does not in any way constitute the provision of investment advisory services to Clients.

§18

1. It is forbidden for the Brokerage House, the persons preparing the Recommendations or the Relevant Persons to accept material or non-material benefits from entities having a material interest in the content of the Recommendation issued.
2. It is forbidden for a Brokerage House, Recommendation preparers or Relevant Persons to propose to make a Recommendation with content that is favourable to the Issuer of a Financial Instrument.

3. It is prohibited to make a Recommendation containing the content of a recommendation or a target price available, prior to its distribution, to the Issuer of a Financial Instrument or to persons other than those involved in its preparation, for purposes other than verifying the Brokerage House's compliance with its legal obligations.

§19

1. Each Relevant Person is obliged to inform their immediate supervisor or the Brokerage House's compliance officer of the type and value of the tangible or intangible benefit offered to them by an entity with a material interest in the content of the Recommendation being made.
2. The immediate supervisor or compliance officer of the Brokerage House may refuse to allow an Relevant Person to accept tangible or intangible benefits offered to them by an entity with a material interest in the content of the Recommendation being made where:
 - 1) its type and value are inadequate for the size of the cooperation with the Brokerage House;
 - 2) the circumstances under which it would be transferred indicate a possible conflict of interest;
 - 3) acceptance of the benefit could put the Relevant Person or the Brokerage House in an unfavourable light.
3. Invitations of the Relevant Person to events related to or organised in connection with local customs shall not be regarded as benefits as referred to in §18 (1).
4. In particular, it is unacceptable for a Relevant Person to accept an invitation to a tour or other event of a private nature, forwarded to an entity with a material interest in the content of the Recommendation issued.

§20

1. The prepared Recommendation should be kept secret until it is made available.
2. Prior to the release of the Recommendation, its contents will not be known, accepted or approved by the Relevant Persons dealing with:
 - a) offering Financial Instruments in primary trading; or
 - b) acquiring or disposing of Financial Instruments for someone else's account.
3. In justified cases, the Relevant Persons referred to in paragraph 1 may examine the content of the Recommendation before it is made available, but only to the extent that this is necessary to examine the accuracy of the information contained therein or to detect a potential conflict of interest.
4. In the cases referred to in this paragraph, access to the Recommendation prior to its release should take place with the approval of the Brokerage House's compliance officer, and correspondence as well as oral consultations related to such access should be documented.

§21

1. In connection with the provision of the services referred to in §2 (1) for Clients, a conflict of interest as defined by law may potentially arise.
2. In order to prevent conflicts of interest from arising, the Brokerage House shall apply, in particular, the following mechanisms or measures:
 - 1) an appropriate organisational structure to ensure separation of confidentiality zones;
 - 2) internal regulations to ensure the protection of the flow of confidential information or information covered by professional secrecy;
 - 3) internal regulations setting out the rules for personal transactions by Relevant Persons.
3. In the event of an actual or potential conflict of interest, the Brokerage House shall apply the following rules:

- a) the supremacy of the Client's interests over the Brokerage House's own interests and those of the Relevant Persons;
 - b) priority in the execution of clients' orders over Brokerage House's orders (Clients' orders are executed in the order in which they are placed, unless the content of the order indicates otherwise);
 - c) disclosure of conflicts of interest.
4. Prior to signing the agreement referred to in §2 section 3, and during its term, the Brokerage House informs the Client of conflicts of interest it is aware of, connected with rendering the service referred to in §2 section 1 to the Client.
 5. In the event that the Brokerage House is already engaged in specific actions on behalf of one Client, the Brokerage House may deem it inappropriate to undertake actions on behalf of another Client if the Brokerage House is unable to properly manage the conflict of interest related to the provision of the service referred to in §2 section 1, or if it is prevented from doing so by legal or regulatory restrictions. In such an event, the Brokerage House shall inform the Client of the reasons for not undertaking actions on its behalf, indicating the essence and source of the conflict of interest, however without disclosing information that may be covered by confidential information, professional secrecy or other legally protected information. The information shall be communicated to the Client using a durable medium, including in writing.
 6. In the event of a conflict of interest arising, which in the opinion of the Brokerage House may lead to a breach of interest of the Client to whom the service referred to in §2 section 1 is rendered, despite solutions implemented by the Brokerage House aiming at effective management of conflicts of interest, the Brokerage House shall inform the Client of the essence and source of such conflict of interest using a durable medium, including in writing. Commencement or continuation of provision of services, quoted in §2 section 1, to a Client is possible only on condition that the Brokerage House receives the Client's consent. Absence of the Client's declaration of will expressing consent within the deadline specified in the information transmitted by the Brokerage House shall be deemed as Client's consent to continue rendering the service (implied consent).

§22

1. The Brokerage House declares that in providing the service referred to in §2 section 1, all actions undertaken by the Brokerage House will be undertaken with due diligence and reliability appropriate for the brokerage activity carried out.
2. The Brokerage House shall not be liable for damages (including lost profits) incurred by the Client as a result of the provision to the Client of a Recommendation containing, in particular, inaccuracies, incompleteness or irregularities, if the occurrence of the inaccuracy, incompleteness or irregularity is a consequence of circumstances for which the Brokerage House does not bear responsibility or which, by exercising due diligence, could not have been foreseen or avoided at the time the Recommendation was drawn up.

§23

1. The Brokerage House Client makes its own assessment of whether the Recommendations contained in the materials received are suitable for it, i.e. in particular whether they take into account its needs and situation.
2. Recommendations are provided to the client regardless of the type and amount of assets held in their accounts.

§24

1. The Brokerage House and the Client may terminate the agreement referred to in §2 section 3 concluded between themselves, subject to section 2, by giving a 7-day notice period.
2. The agreement referred to in §2 section 3 shall also be terminated upon termination of an agreement for the provision of other brokerage services by the Brokerage House.

3. The declaration of termination referred to in §2 section 3 shall be made in writing on pain of nullity.
4. In the event that the Client grossly breaches the terms of the agreement referred to in §2 section 3 concluded with the Brokerage House, provisions of the regulations or provisions of law, the Brokerage House may terminate the agreement without a notice period.

§25

1. All complaints relating to the performance of the provisions of the agreement referred to in §2 section 3, concluded between the Client and the Brokerage House, may be submitted by the Client:
 - a) in electronic form - by sending an e-mail to erstesecuritiespolska@erstegroup.com;
 - b) in writing to ESP's registered address;
 - c) in person - at the ESP's premises;
 - d) orally - by telephone during the Brokerage House's working hours on the following telephone numbers +48 22 257 57 11, +48 22 257 57 13; +48 22 257 57 15.
2. The date of receipt of a complaint shall be the date on which it is received by the Brokerage House.
3. In the complaint submitted by the Client, the Client should indicate the preferred method of responding by the Brokerage House. If the Client fails to indicate the method of responding, the Brokerage House will notify the Client of its consideration in the manner indicated in section 10, however, in the case of complaints submitted in electronic form - the Brokerage House shall respond in the same form.
4. Complaints, once received, are immediately referred to the Brokerage's compliance officer, who enters them in the appropriate register:
 - 1) the name of the Client;
 - 2) the date of the complaint;
 - 3) the subject of the complaint;
 - 4) the possible amount of the monetary claim being made.
5. The Brokerage House shall respond to the Client's complaint immediately, but no later than within 30 days of receipt. Sending a response by the Brokerage House before this deadline is sufficient to meet it.
6. In the event that it is not possible to consider the complaint within the time limit indicated in section 5, the Brokerage House shall inform the Client of this fact, stating:
 - a) reasons for delay;
 - b) the circumstances which must be established in order for the complaint to be processed;
 - c) the expected time limit for handling the complaint and providing a reply, which may not exceed 60 days from the date of receipt.
7. The Brokerage House, in order to clarify all the circumstances of the matter to which the complaint relates, is entitled to request explanations from the Relevant Persons. The Brokerage House may also approach the Client to provide additional information that may be helpful in resolving the complaint.
8. The decision to accept the Client's complaint as valid is taken by the Brokerage House's Management Board, after hearing the opinion of the Brokerage House's compliance officer.
9. The Brokerage House shall notify the Client in writing of the manner in which the complaint has been dealt with and the action taken as a result.
10. The Brokerage House's compliance officer shall, upon completion of the complaint procedure, enter an entry in the relevant register:
 - 1) the date on which the complaint was considered;
 - 2) the date of the reply to the Client; and
 - 3) the manner in which the complaint is finally resolved.

§26

1. These regulations constitute an integral part of the agreement referred to in §2 section 3 concluded between the Brokerage House and the Client.
2. The Brokerage House reserves the right to amend these terms and conditions, in particular those resulting from changes in generally applicable laws.
3. The content of amendments to these rules shall be communicated to Clients by posting the content of the amended rules on the Brokerage's website (<https://www.esp.pl>) at least 7 days before the amendments come into force.

§27

1. Matters not covered by these Regulations shall be governed by the relevant provisions of generally applicable law.
2. These regulations shall enter into force on 1 February 2023.