



HAITONG

REGULATION No COM02.R02.
Conflicts of Interest Prevention and
Management Regulation of Haitong Bank S.A

Approved by the Board of Directors
on 10/10/2024

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1. OBJECTIVE

a. Background

Haitong Bank, S.A. and/or its branches and subsidiaries (collectively, the “Bank”) carry out diverse business activities, interacting with multiple stakeholders. In the course of its regular activities, the Bank faces actual and potential Conflicts of Interest on a regular basis and seeks to ensure it is able to properly and effectively identify and prevent or manage potential conflicts that may arise. This Conflicts of Interest Prevention and Management Regulation (the “Regulation”) sets the framework of the Bank’s strategy regarding the identification and prevention or management of Conflicts of Interest.

a. Purpose of this Regulation

This Regulation was established taking into account the dimension, organisation, nature and complexity of the Bank’s activities, as well as the circumstances that may give rise to conflicts of interest resulting from the structure and commercial activities of other companies within the Bank, and should be revised periodically or anytime there is a material change to the size, organization, nature and complexity of the Bank’s activities.

The set-up of a new Business Area or the modification of existing ones, namely through the recourse to third party entities, must comply with the Regulation. The Management Body of the Bank shall ensure that its policies, procedures and controls are appropriate for complying with its conflicts of interest identification, prevention and management duties and that these duties are effectively fulfilled. Specifically, the Management Body of the Bank shall ensure that this Regulation is properly implemented throughout the institution, is subject to periodical reviews, and is disclosed both internally to all employees but also on the Bank’s website.

In this context, the Bank shall, in line with this Regulation, ensure that any deficiencies related with conflict of interests are properly addressed.

2. LEGAL FRAMEWORK

This Regulation is based on the current, national and European, legislation applicable, including without limitation:

- (MIFID II) Directive 2014/65/EU (especially article 23);
- Delegated Regulation 2017/565 (especially article 33 to 35);
- Portuguese Securities Code;
- Notice 3/2020 of the Bank of Portugal;
- EBA Guidelines (EBA/GL/2021/05) (especially regarding internal governance - Guidelines 105 to 119);
- ESMA and EBA joint guidelines on the assessment of the suitability of members of the management body and key function holders;

- Bank of Portugal White Paper (May 2016).

Other relevant Haitong Bank documents

This Regulation shall be applied in conjunction with other internal rules, namely:

- Code of Conduct;
- COM01.P06 - Policy on the Selection and Assessment of Members of the Management, Supervisory Body and Key Function Holders;
- HRD02.P55 – Remuneration Policy
- COM06.R07 - Related Parties Regulation;
- COM12.PM030 - Prevention and Management of Conflicts of Interest;
- COM17.PM042 - Restrictions and Personal Account Dealing by Employees.

3. RECIPIENTS

- a. This Regulation applies to all “**Relevant Persons**”. For the purpose of this Regulation, **Relevant Persons means** any of the following:
- (i) The Members of the Management Body;
 - (ii) Members of the Supervisory Body;
 - (iii) Those persons who effectively manage or supervise each of the Business Activities;
 - (iv) All staff of the Bank or entities subcontracted by the Bank (here “staff” includes any person acting in the name of and/or on behalf of the aforementioned entities, for example, on the basis of a labour, provision of service, a professional internship or agency relationship);
 - (v) Former staff of the Bank whose employment contract has ended less than 5 years ago (in relation to actions or omissions occurred during the life of the employment contract of such former staff);
 - (vi) The director, partner or equivalent, or manager of any tied agent of the Bank.
- b. For the purpose of the present Regulation, “**Related Person**” means any of the following:
- (i) The spouse of the relevant person or any partner of that person considered by national law as equivalent to a spouse;
 - (ii) A dependent child or stepchild of the relevant person;
 - (iii) Any other relative of the relevant person who has shared the same household as that person for at least one year on the date of the personal transaction concerned.
- c. This Regulation shall be implemented in all branches, subsidiaries and Representative Office of the Bank taking into consideration any local requirements.

4. RESPONSIBILITY AND MONITORING

- a. This Regulation was prepared by the Compliance Department.
- b. The Compliance Department monitors compliance with this Regulation by undertaking programed testing actions.
- c. This Regulation should be reviewed at least once a year or whenever any amendment thereto becomes necessary.

5. PRINCIPLES

- a. This Regulation aims to ensure that in a situation of possible conflict of interest the Bank is adequately prepared to identify, prevent or manage the conflict of interest.
- b. This Regulation aims to ensure that any deficiencies related with conflict of interests are properly addressed.

6. WHAT ARE CONFLICTS OF INTEREST

a. Conflicts of Interest

A Conflict of Interest occurs when an entity or individual have competing interests and the serving of one interest may involve the detriment of another. A Conflict of Interest under this Regulation is defined as an actual Conflict of Interest as well as a potential Conflict of Interest.

Conflicts of interest can result from:

- (i) Isolated act: an occasional, temporary or unexpected situation regarding a single event (e.g. transaction, selection of a services provider, etc.); or
- (ii) Status Quo: participating in a corporate body, holding a stake in a company's share capital, a family relationship or any other fact or circumstance that by nature lasts in time.

The management and/or mitigation of the conflicts identified in line (i) above can be made by applying one or more ad hoc measures; as for the conflicts identified in line (ii), the Bank must ensure that the measures applied last in time and whose adequacy and effectiveness is regularly revised.

Some conflicts are not permitted by law but others are allowed provided that the Bank sets out appropriate measures to manage them.

Relevant persons shall avoid all situations that may result in a conflict of interest, even if the conflict resulting from those situations is only potential.

The consequences that result from a failure to identify and adequately manage conflicts of interest can be, amongst others, reputational damage, loss of clients or business, litigation and sanctions. **Annex 1** includes a non-exhaustive list of examples of potential situations of conflict in order to assist all members of staff in the identification of situations that may need to be properly assessed.

b. Situations where conflicts of interest may arise

Conflicts may arise in the following situations:

- Conflicting interests between the Bank¹ and a Client;
- Conflicting interests between an entity acting in the name of and/or on behalf of the Bank (including, amongst others, subcontracted entities) and a Client;
- Conflicting interests between a **Relevant Person** and a Client;
- Conflicting interests between two or more clients of the Bank in the context of client's relationships;
- A **Relevant Person** (or Related Person) receives a financial or other significant benefit as a result of the Relevant Person's position in the Bank that is inappropriate in nature.
- A **Relevant Person's** (i) existing financial or other interest or (ii) a previous engagement in an activity, a previous professional role or relationship with another person, occurred in the two (2) years before such Relevant Person's employment contract or engagement with the Group has started; provided that (i) and (ii) impair or could impair his or her judgment or objectivity in carrying out his or her duties and responsibilities to the Group;
- A **Relevant Person** in the Bank performing or taking part in external engagement, entails a risk that the Relevant Person ability to perform his/her work in the Bank is affected;
- A **Relevant Person** has the opportunity to influence the Bank, granting business or making administrative and other material decisions in a manner that leads to personal gain or advantage for the Relevant Person or a Related Person;
- A **Relevant Person's** personal or professional relationship with an external stakeholder (i.e. material suppliers, consultancies or other service providers) impairs or could impair his or her judgment or objectivity in carrying out his or her duties and responsibilities to the Bank;
- A **Relevant Person's** economic interests (i.e. shares, other ownership rights and memberships, financial holdings and other economic interests in commercial customers, intellectual property rights, loans granted by the Bank to a company owned by staff, membership in a body or ownership of a body or entity with conflicting interests);
- Related party transactions (analyzed in the ***Related Parties Regulation***).

7. BANK'S APPROACH TO CONFLICTS OF INTEREST

The Bank is organised in such a way as to be able to identify possible conflicts of interest and to take action to avoid or minimise the risk of their occurrence, in particular the Bank must:

- (i) Ensure the compliance with legal and regulatory rules with regard to preventing and managing conflicts of interest;
- (ii) Identify, in relation to each business activity carried out, the circumstances that may give rise to a Conflict of Interest;

¹ For the purpose of identifying the interest of the Bank and the possible conflict with the interest(s) of the Client(s), one must take into consideration possible interests of other entities within the Bank's group that have an impact on the definition of the Bank's interest.

- (iii) Foster transparent and equal treatment to its counterparties/stakeholders in accordance with applicable laws;
- (iv) Set rules, mechanisms, systems and controls for identifying, preventing, or managing any potential or actual conflicts of interest;
- (v) Give priority to the customers' interests in customer relationships, unless dictated otherwise by applicable laws or regulations;
- (vi) Ensure that the employees have the skills and awareness to identify conflicts of interest and to act appropriately on those situations;
- (vii) Prevent the continuation of the service or activity giving rise to a conflict of interest in cases where the conflict cannot be prevented nor managed using other means.

8. CONFLICTS OF INTEREST AT GOVERNING BODIES

All identified and potential conflicts of interest involving members of the Management or Supervisory Bodies, individually and collectively, should be adequately documented and discussed, decided on and duly managed by such body.

All potential and/or identified conflicts of interest, involving members of the Management or Supervisory Bodies, must be communicated to the Chair of such body.

Where the impacted individual subject to a conflict of interest is the Chair of the Management or Supervisory Bodies, the said Chair shall adequately document and communicate to the Chair of the Corporate Governance Committee.

The Compliance Department shall be promptly informed of situations described above and is entitled to give its opinion and recommend all the mitigating measures deemed necessary and appropriate.

9. CONFLICTS OF INTEREST INVOLVING MEMBERS OF THE COMPLIANCE DEPARTMENT

In the case of a conflict of interest with any member of the Compliance Department, the Corporate Governance Committee shall be promptly informed for recommending and deciding any measures deemed necessary and appropriate.

10. POLITICAL AND ASSOCIATION ACTIVITIES

An employee's affiliation or membership of political parties or institutions must be made in such a way that the personal nature of such connection is clear.

Before accepting public offices, employees should previously inform the Compliance Department in order to determine if there are any conflicts or restrictions. For the purpose of this Regulation, "public offices" include all positions held in sovereign bodies and in central, regional and local executive administrations.

11. POSITIONS IN OTHER COMMERCIAL COMPANIES

Any staff member who intends to be appointed as a member of a governing body of a commercial company that does not belong to the Bank's group, must request prior authorization to the Executive Committee. If the accumulation of roles is authorized by the Executive Committee, the relevant staff member must ensure compliance with internal rules and legislation regarding management and prevention of conflicts of interest.

12. FACTORS TO BE TAKEN INTO CONSIDERATION WHEN MANAGING CONFLICTS OF INTEREST

For the purpose of complying with the requirements of identification of potential conflicts of interest and the definition of the appropriate measures and procedures for their minimisation and management, the following factors shall be taken into account:

- (i) The dimension, organisation, nature and complexity of the business activity in question; it must be ensured that the assessment covers all areas/units of the Bank's organisational structure (including, amongst other branches, representation offices) and the third parties acting on behalf of and/or in the name of the Bank (including, amongst others, subcontracted bodies) that are involved in carrying out the tasks related to the Business Activities in question;
- (ii) The circumstances that could give rise to conflicts of interest resulting from the structure and commercial activities of other companies within the Bank;
- (iii) The risk involved in verifying the occurrence of the conflict situation;
- (iv) The type and dimension of the foreseeable loss(es) or damage(s).

13. INTERNAL MANAGEMENT OF POTENTIAL OR ACTUAL CONFLICTS OF INTEREST

Without prejudice to the application of the legal and regulatory rules, this Regulation constitutes the reference framework to be applied by the Bank for the purposes of identifying, minimising, managing and registering conflicts of interest.

➤ Identification

In the event of a conflict of interest infringement, the Compliance Department should be notified:

- By any Staff member, immediately upon becoming aware of a potential or actual conflict of interest;
- By any staff member, when involving a conflict of interest related to him/her or with any Related Person;
- By the head of the department/area, when involving a conflict of interest of the department/area.

When identifying Conflicts of Interest, the Bank shall assess the particular circumstances in which the business activity was carried out, and shall be particularly careful in identifying situations in which the

Bank, a person or entity in a shareholding or group relationship with the Bank, or a third party that intervenes in the name of and/or on behalf of the Bank in a business activity task or a Relevant Person:

- Has a potential interest in the outcome of a particular activity that differs from the Bank's interest;
- Is likely to make a financial gain or avoid a financial loss at the expense of a Relevant Person/Client;
- Has an interest in the results of a service provided to a Client/Bank or a transaction carried out on behalf of a Client, which is different from the client's interest in that outcome;
- Uses an advantage, financial or otherwise, to favour the interest of another Relevant Person, Related Person or Third party over the interest of the Bank;
- Uses an advantage, financial or otherwise, to favour the interest of another Client or group of clients over the interest of a Client;
- Carries out the same activities as a Client/Bank;
- Receives or will receive, from a person other than a Client, an inducement in relation to a service provided to a Client in the form of monetary or non-monetary benefits or services;
- The Bank or a person directly or indirectly linked to the Bank by a control relationship performs a combination of two or more of the following activities: property trading, portfolio management and corporate finance business, including underwriting or selling in an offering of securities and advising on mergers and acquisitions.

➤ **Identification of Conflicts of interest – Hierarchy level**

- The Bank (namely the highest hierarchy level of the involved departments) must, in relation to each business activity, guarantee:
 - (i) The identification of the areas/units involved in the respective business activity and the tasks carried out by them;

To this end, one shall also take into consideration situations in which there is recourse to third parties – for example, subcontracted entities – whereby such situations and entities must be expressly identified;

- (ii) The identification of Conflicts of Interest that, as foreseen in this Regulation, may arise within the scope of the business activity (and its continuous updating), taking into account the task performed in the preceding item (i).

➤ **Prevention and mitigation/management measures**

- The Bank also guarantees:
 - (iii) The definition – in accordance with the terms established in this Regulation – of the prevention and mitigation/management measures for the conflicts referred to in item (ii) above to be adopted and their respective incorporation in the internal procedures, internal

regulations and internal control system and, wherever the case, in the contracts signed with third parties acting in the name of and/or on behalf of the Bank.

The measures shall include rules on the notifications to be made to the clients/stakeholders in situations of conflicts of interest, which, without prejudice to any special provisions, shall be made in accordance with this Regulation.

Where the definition and/or adoption of the measures requires so, coordination with other Business Areas must be ensured.

➤ **Monitoring and Assessment**

- (iv) The regular monitoring and assessment of the appropriateness and effectiveness of the measures adopted under item (iii) above and the adoption of sufficient measures with a view to:
 - Correcting any deficiencies detected;
 - Adjusting, revising or modifying the measures adopted under item (iii) above to changes in the assumptions that served as the basis for the definition of the measures;

➤ **Reporting and notification to the Compliance Department**

- (v) The Compliance Department is permanently informed as to the questions and matters referred to in items (i) to (iv);
- (vi) The identification of the cases in which, when the possible occurrence of a Conflict of Interest has been identified in accordance with item (ii) above, the adoption of the measures provided for in items (iii) and/or (iv) does not provide reasonable and justified certainty that the occurrence will effectively be prevented and that the risk involved will be correctly assessed;
- (vii) The communication to the Compliance Department of situations identified under item (vi) above (including with respect to the respective risk assessment), with indication of:
 - The proposed notification to be made to the Client(s)/Stakeholder about the possibility of the occurrence of the conflict; and/or
 - The proposal of non-provision of the service by the Bank given the risks involved;
- (viii) The immediate notification to the Compliance Department of the occurrence of Conflicts of Interest and the respective proposed solution;
- (ix) The maintenance of a constantly updated list of all the Conflicts of Interest that have occurred within the scope of the respective Business Activity and their respective treatment;
- (x) The provision of information to the Relevant Persons involved in the business area on their obligations in matters of Conflicts of Interest, namely with respect to the measures and procedures they must ensure in carrying out their tasks, as well as on the limitations to the exercise of other tasks or the accomplishment of personal transactions (as defined in Annex III) and related information duties;

- (xi) The presentation to the Compliance Department of information that supports the fulfilment of the obligations established in the Regulation, and of the measures referred in items (iii) and (iv) above;
- (xii) The provision to the Compliance Department of the information or clarifications requested by that Department in relation to the information provided by Business Area or to the behaviour of that area under the terms of and for the purposes established in the Regulation.

➤ **Resolution of a Conflict of Interests**

With respect to the notifications it shall receive under item (vii) and/or item (viii) above, the Compliance Department shall:

- Consult internally or externally the areas or entities it deems pertinent with a view to obtain the relevant information to assess the situation(s) in question;
- Analyze the situation and make a recommendation regarding the management of the potential conflict/conflict and present such proposal to the Executive Committee for approval.

14. CONFLICTS OF INTEREST MITIGATION/MANAGEMENT MEASURES

The following measures are aimed at guaranteeing the independence of the Bank, which shall include, to the extent necessary:

- Effective procedures for preventing or controlling the exchange of information between Relevant Persons, namely through:
 - (i) The definition of separate areas, identified in Internal Regulations, between which no circulation or exchange of certain information may take place;
 - (ii) The identification and updated registration of persons with access to information of restricted use or circulation;
 - (iii) The creation of an information system and/or physical barriers to the circulation of information;
 - (iv) The establishment of information duties of the Relevant Persons in relation to Personal Transactions (as defined in Annex III) involving financial instruments and/or the definition of cases in which the execution of Personal transactions is totally or partially prohibited;
- The distinct supervision of the Relevant Persons whose main tasks involve carrying out activities on behalf of clients or the provision of services to clients, whenever they may have conflicting interests, including with the interests of the Bank;
- The elimination of any direct relationship between the remuneration of Relevant Persons involved in a Business Activity and the remuneration or revenue generated by other Relevant Persons involved in another Business Activity in the extent that a conflict of interests may emerge between these activities;
- The adoption of measures aimed at preventing or restricting any person from exercising inappropriate influence over the way in which a Relevant Person provides financial intermediation activities;

- The adoption of measures aimed at preventing or controlling the simultaneous or sequential involvement of a Relevant Person in different Business Activities where said involvement may interfere with the appropriate management of conflicts of interests.

15. COMPLIANCE MONITORING MECHANISMS

As part of the Bank's approach to conflicts of interest management, the Compliance Department will ensure the following monitoring and control mechanisms:

- Evaluate the application of this Regulation, proposing revisions and amendments of the same to the Management Bodies;
- Carrying out internal evaluations regarding conflicts of interest reported;
- Proposing to the Internal Audit Department audits and inspections to be carried out, as applicable, for situations found by the Compliance Department within the scope of its powers;
- Answering questions that may arise regarding conflicts of interest;
- Monitoring, in an ongoing basis, the measures applied to manage/mitigate any conflict of interest;
- Recordkeeping of all reported cases.

16. LAST RESORT DISCLOSURE OF CONFLICTS OF INTEREST

Where the effective organisational or administrative arrangements made by the Bank to prevent conflicts of interest from adversely affecting the interest of its stakeholders are not sufficient to ensure, with reasonable confidence, that risks of damage will be prevented, the Bank will disclose the potential conflict of interest before undertaking business on its behalf.

The disclosure is a measure of last resort and shall only be used after the implementation of all appropriate and reasonable conflict management mechanisms, except when the underlying time frame requires the conflict of interest's immediate disclosure.

The Bank informs each and every person who could have a predictable impact on the communication process that the conflict of interest should only be disclosed to the stakeholder in question when all appropriate means have been depleted and that such communication depends on the prior consent of the Compliance Department.

The disclosure shall:

- (i) be made in a durable medium (i.e. in a form that enables a client to store information in an accessible way for future reference during a sufficient period of time considering the purposes of the information and one that allows the unchanged reproduction of the information stored);
- (ii) clearly state that the organisational and administrative arrangements established by the Bank to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the stakeholder will be prevented; and
- (iii) include a specific description of the conflicts of interest that arise in the provision of the business activity, taking into account the nature of the stakeholder. In this context, the Bank shall describe the general nature and sources of conflicts of interest, as well as the risks to the client that arise

as a result of the conflicts of interest and the steps undertaken to mitigate these risks. The information shall be provided with detail sufficient enough to enable the stakeholder to take an informed decision.

17. RECORD OF SERVICES OR ACTIVITIES GIVING RISE TO DETRIMENTAL CONFLICT OF INTERESTS AND ANNUAL ASSESSMENT AND REVIEW OF THIS REGULATION

The Bank keeps and regularly updates a record of the kinds of the Business Activities carried out in which a conflict of interest entailing a risk of damage to the interests of one or more clients has arisen or, in the case of an on-going service or activity, may arise.

In this context, the Corporate Governance Committee receives on a frequent basis, and at least annually, written reports on the potential and verified conflicts of interest.

Based on this information the Bank assesses and periodically reviews, on an at least annual basis, the sufficiency and efficiency of this Regulation and takes all appropriate measures to address any deficiencies. The over-reliance on the disclosure of conflicts of interest that, as predicted under section 16, is a last resort measure shall be considered a deficiency.

18. WHISTLEBLOWING

The Bank provides the appropriate channels through the Whistleblowing Regulation (R16) for the reporting/whistleblowing of Conflicts of interest.

19. PENALTIES

Without prejudice to the applicable penalties foreseen in the law, the Bank may take appropriate disciplinary action against anyone who knowingly violates the provisions as set out in this Regulation, as foreseen in Bank's Internal Regulation.

20. ARCHIVE

This Regulation, and all the documents associated, are subject to the general archiving rules laid down in the procedure LEG11.PM220 – Archive Management.

21. DISCLOSURE

This Regulation is available on the Bank's website and on the intranet, and any change to the same should be duly communicated by e-mail to all the Bank's employees.

22. CONTROL OF VERSIONS

Table 1: Information about the Document

Name of the Document	COM02.R02 - Conflicts of Interest Prevention and Management Regulation
Version	Version 10.0
Prepared by (Name/Department)	Compliance Department
Appreciated on (Committee name)	Prior opinion of the Supervisory Body (05/09/2024) and endorsed by the CGC (09/10/2024)
Approved by (Committee name)	Board of Directors

Table 2: Versions' update

Update and Approval Date	Main Changes
Original Version - 2007	-
Version 2.0 approved by BoD on 2015	Regulatory changes and update version
Version 3.0 approved by BoD on 18/12/2017	Regulatory changes and other updates
Version 4.0 approved by BoD on 13/11/2018	Changes according with EBA guidelines (2017/11)
Version 5.0 approved by BoD on 07/06/2019	Concepts of relevant person and other updates
Version 6.0 approved by BoD on 17/09/2019	Regulatory changes and other concepts
Version 7.0 approved by BoD on 15/09/2020	Changes according with BoP recommendations (Letter Ref. CRI/2020/00001348-G)
Version 8.0 approved by BoD on 25/02/2021	Updated according with Notice 3/2020
Version 9.0 approved by BoD on 19/07/2022	Annual Update_ Regulatory Changes namely new EBA Guidelines on Internal Governance and other minor adjustments and clarifications.
Version 10.0 approved by BoD on 27/12/2023	Annual Update; Adjustments regarding the termination of the Equities Division and Research activity; minor changes and clarifications.
Version 11.0 approved by BoD on 10/10/2024	Annual Update; Adjustments to the new template and regarding the termination of the B-next platform; other non-material changes.

ANNEX I - List of Potential Conflicts of Interests and Mitigation Policies

Description	Conflicting Entities	Units / Departments	Mitigation Policies	Conditions: Cumulative or Exclusive
Proprietary trading while carrying out operations made by other clients	Bank v Clients	Fixed-Income and any other relevant department	<p>1 - Physical separation of the proprietary trading desks and clients' trading desk, as well as a separation of access and apps;</p> <p>2 - Employees who negotiate for the Bank's clients are forbidden from negotiating for other clients;</p> <p>3 - traders are not allowed to undertake other business segments within the Bank alongside trading;</p> <p>4 - Compliance should register any possible conflicts of interest on its database.</p>	Cumulative
Bank's acquisition of any securities when there are Clients that have requested them for the same price or for a higher price.	Bank v Clients	Fixed-Income and any other relevant department	<p>1 - Physical separation of the proprietary trading desks and clients' trading desks, as well as a separation of access and apps;</p> <p>2 - Orders that are transmitted by the prop trading desk to the client's trading desk will be executed in strict compliance with the applicable rules for transmitting and executing orders (sequential entry) and, for aggregated orders, it should be ensured that the Bank's interests will not override Client's interests;</p> <p>3 - Compliance should register any possible conflicts of interest on its database.</p>	Cumulative
The Bank sells its own securities instead of selling amounts of the same category whose sale was also ordered by its Clients at the same price or at a lower price.	Bank v Clients	Fixed-Income and any other relevant department	<p>1 - Physical separation of the proprietary trading desks and clients' trading desks, as well as a separation of access and apps;</p> <p>2 - Orders that are transmitted by the prop-trading desk to the client's trading desk will be executed in strict compliance with the applicable rules for transmitting and executing orders (sequential entry) and, for aggregated orders, it should be ensured that the Bank's interests will not override Client's interests.</p>	Cumulative
Inequality of criteria in apportion or order allocation systems that affect clients and that result in a beneficial	Bank v. Clients	Fixed-Income, ECM-DCM,	Clear and equal criteria.	

situation for the Bank or Employees.	Bank v. Market Among Clients			
<i>Idem</i> , concerning the allocation of own portfolio shares of the Coordinating Banks of an Offer headed by the Bank.	Bank v. Clients Bank v. Market Among Clients	ECM-DCM	Clear and equal criteria.	
Placing Securities in issues in which the Bank acted as firm underwriter.	Bank v. Clients	ECM-DCM, Fixed Income	Disclosure	Cumulative
Employees that manage accounts they own or in which they have a direct or indirect interest (though a third party).	Employees and their interests outside the Bank	Asset Management	1 - Absolute prohibition; and 2 - Portfolio discretionary management employees are forbidden from being Clients of the Equities Division.	
Illegitimate use made by Directors or Employees of insider information about an issuer when such information has not been publicly disclosed and, if it were, could influence the market price of the securities issued by the Employee or Director.	Bank v. Clients Bank v. Market	Structured Finance, ECM-DCM, M&A, Clients Division	1 - Absolute prohibition of using information for illegitimate purposes, namely in any operation in which the Bank, a Director, a Supervisory Body Member, an Employee or a representative manages, or in any operation that Clients or Third parties are interested in (according to the procedures in force for controlling access to insider information); 2 - The information is limited to services, employees and Board members who are directly involved in operations by means of Chinese walls, controlling insider information access lists and protection of archives, files and databases (passwords and other security mechanisms); 3 - The Compliance Department should register anyone with access to insider knowledge on to allow checking of possible conflicts of interest.	Cumulative
Bank's transactions on securities (and similar instruments) of companies about which the Bank has access to insider information.	Bank v. Clients Bank v. Market	DCM, M&A, ECM-DCM, Clients, Structured Finance	1 - Full physical separation of the proprietary trading desks, as well as a separation of access to applications and information coming from other instrumental areas; and 2 - Control and disclosure of a list of restricted companies for own portfolio. Previous analysis from the IBK Committee.	Cumulative

			Compliance should register any possible conflicts of interest on its database.	
Financial Advisory services, in assets acquisition securities, to different clients that are interested in acquiring them.	Bank v. Clients Among Clients	M&A	1 - Disclosure of potential conflicts of interests to clients and allocating each task to an independent Structured Finance team; 2 - Sufficient physical separation between teams and prohibition of disclosure of information among them; 3 - Previous analysis by the IBK Committee; 4 - Compliance should register any possible conflicts of interest on its database.	Cumulative
Work for two potential clients within the scope of the same operation. E.g.: two clients who want to apply to the same concession.	Bank v. Clients Among Clients	M&A, Structured Finance	1 – The employees may not work for more than one department or have other professional activities; 2 - Notify clients and entrust the work to independent teams, physically separated and which are forbidden from disclosing information among them; 3 - Previous analysis by the IBK Committee; 4 - Compliance should register any possible conflicts of interest on its database.	Exclusive
Financial Advisory services to the buyer or buyers in operations for acquiring assets. It is possible for the Bank to terminate the mandate, in some circumstances, to provide advisory services to the seller or sellers of that same operation.	Bank v. Clients Among Clients	M&A	Forbidden, unless expressly authorized by the original client.	
Simultaneously providing financial advisory services to the buyers or sellers in operations for acquiring or selling assets.	Bank v. Clients Among Clients	M&A	1 - Disclosure of potential conflicts of interests to clients and allocating each task to an independent team; 2 - Sufficient physical separation between teams and prohibition of disclosure of information among them; 3 - Previous analysis by the IBK Committee; 4 - Compliance should register any possible conflicts of interest on its database.	Cumulative
Coexistence of selling or purchase mandates of two companies from the same sector.	Bank v. Clients	M&A	1 - Disclosure of potential conflicts of interests to clients and allocating each task to an independent team;	Cumulative

	Within the Board		<p>2 - Sufficient physical separation between teams and prohibition of disclosure of information among them;</p> <p>3 - Previous analysis by the IBK Committee;</p> <p>4 - Compliance should register any possible conflicts of interest on its database.</p>	
Acquisition of decision-making directorships in companies that are clients of the Bank's decision-makers.	Decisive Conflict Bank v. Employees Bank v. Clients	M&A, Structured Finance, ECM-DCM	<p>1 –the transaction shall be according to market conditions / arm's length basis;</p> <p>2 - The Bank's decision-making process will not include the director who has a decision-making position in the client company.</p>	Cumulative
The Bank provides advisory services to the seller and another Division studies and structures the financing for the potential buyer.	Bank v. Clients Among Clients Bank v. Union Among Corporate Entities	M&A, Structured Finance, ECM-DCM	<p>1 - Chinese walls policy: limit the access to information about the financing to those involved in the credit-granting decision;</p> <p>2 - Notify Clients;</p> <p>3 - Previous analysis by the Adoption Committee;</p> <p>4 - Compliance should register any possible conflicts of interest on its database.</p>	Cumulative
Directors and key-function holders in the management of companies whose goals and objectives compete directly with the Bank's goals.	Bank v. Employees	Bank	Control of compliance with the acquisition of Directorships Regulation, extended to employees. Accepting positions of this nature entails the approval of the Executive Committee and the proposal should be addressed to that corporate body, by the Director responsible for the employee's Area.	
Professional, Political and Associative positions outside of Haitong Bank	Bank v. Employees	Bank	Employees wishing to assume professional, political or associative positions, outside of Haitong Bank shall notify the Compliance Department in advance by filling out a form following the template provided by this department, who will issue its opinion afterwards.	
Directors and employees' participation in decisions which concern them or which concern related third parties in businesses with the Bank or its subsidiaries.	Bank v. Employees	Bank	Absolute prohibition.	

Preferential treatment or privileged working conditions or other favours granted based on a close, personal or family relationship.	Bank v. Employees	Bank	Absolute prohibition.	
Related Party Transactions	Related Parties	Bank	Regulated by the Related Party Regulation	
Family members in the hierarchical chain	Bank v. Employees	Bank	Employees/ board members may not have family members (spouses or de facto partners; parents; grandparents; children; siblings; brothers and sisters-in-law; step-parents and stepchildren; fathers and mothers-in-law; sons and daughters-in-law; aunts and uncles; nephews and nieces) in their hierarchical chain, and may not evaluate their performance or decide on their promotion/demotion or remuneration.	
Hiring of service providers	Bank v. Service providers	Bank	Employees/ board members may not participate in the process of selecting, hiring or assessing a supplier in which they have an individual interest	
Gift entertainment received that may inappropriate incentive the Employee member to act in a way that may conflict with the interests of the bank, the Client and/or a third party	Bank v. Employees v. Clients	Bank	Regulated by the Anti-Bribery Regulation	

ANNEX II- Additional guidelines in respect of certain investment services or activities

Without prejudice to the generic indications and the general principles foreseen in this Regulation, the Bank shall, in line with the applicable legal framework, employ additional requirements when providing certain investment services or activities.

Additional general guidelines in relation to underwriting or placing

While engaged in the provision of advice on corporate finance strategy and the service of underwriting or placing of financial instruments the Bank shall have in place a centralised process to identify all of its underwriting and placing operations and record such information, including the date on which the Bank was informed of potential operations of that kind.

In this context, the Bank shall identify all potential conflicts of interest arising from other activities and implement appropriate management procedures. In cases where the Bank cannot manage a conflict of interest by way of implementing appropriate procedures, it shall not engage in the transaction.

Additional guidelines in relation to pricing of offerings in relation to issuance of financial instruments

The Bank shall have in place systems, controls and procedures to identify and prevent or manage conflicts of interest that arise in relation to possible under-pricing or over-pricing (in comparison, when possible, to the market prices for the nature and volume of the issue) of an issue or involvement of relevant parties in the process. In particular, the Bank shall, as a minimum requirement, establish, implement and maintain internal arrangements to ensure both of the following: (a) that the pricing of the offer does not promote the interests of other clients or the Bank's own interests in a way that may conflict with the issuer client's interests; and (b) the prevention or management of a situation where persons responsible for providing services to the Bank's investment clients are directly involved in decisions about corporate finance advice on pricing to the issuer client.

Additional guidelines in relation to placing

The Bank shall establish, implement and maintain effective internal arrangements to prevent or manage conflicts of interests that arise where persons responsible for providing services to the Bank's investment clients are directly involved in decisions about recommendations to the issuer client on allocation.

In this context, the Bank shall not accept any third-party payments or benefits which result from:

- (i) an allocation made to incentivise the payment of disproportionately high fees (in comparison, when possible, to the market prices for the nature and volume of the operation) for unrelated services provided by the Bank ('laddering'), such as disproportionately high fees (in comparison, when possible, to the market prices for the nature and volume of the operation) or commissions paid by an investment client, or disproportionately high volumes (in comparison, when possible, to the market) of business at normal levels of commission provided by the investment client as compensation for receiving an allocation of the issue;

- (ii) an allocation made to a senior executive or a corporate officer of an existing or potential issuer client in consideration for the future or past award of corporate finance business ('spinning');
- (iii) an allocation that is expressly or implicitly conditional on the receipt of future orders or the purchase of any other service from the Bank by an investment client, or any entity of which the investor is a corporate officer.
- (iv) in any other circumstances not compliant with the legal requirements established by Article 24 of Directive 2014/65/UE.

Additional guidelines in relation to advice, distribution and self-placement

The Bank shall have in place systems, controls and procedures to identify and manage the conflicts of interest that arise when providing an investment advice to an investment client to participate in a new issue, where it receives commissions, fees or any monetary or non-monetary benefits in relation to arranging the issuance.

Any commissions, fees or monetary or non-monetary benefits shall comply with the requirements in Article 24(7), 24(8) and 24(9) of Directive 2014/65/EU.

The benefits documented above shall, as applicable, be reflected in the firm's inducements arrangements.

The Bank, while providing the placement of financial instruments issued by themselves or by entities within the same group, to their own clients, including their existing depositor clients, or investment funds managed by entities of their group, shall establish, implement and maintain clear and effective arrangements for the identification, prevention or management of the potential conflicts of interest that arise in relation to this type of activity. Such arrangements shall include consideration of refraining from engaging in the activity where conflicts of interest cannot be appropriately managed so as to prevent any adverse effects on clients.

Additional guidelines in relation to lending or provision of credit in the context of underwriting or placement

Where any previous lending or credit to the issuer client by the Bank, or an entity within the same group, may be repaid with the proceeds of an issue, the Bank shall have arrangements in place to identify and prevent or manage any conflicts of interest that may arise as a result thereof.

In this context, where the arrangements taken to manage conflicts of interest prove insufficient to ensure that the risk of damage to the issuer client would be prevented, the Bank shall disclose to the issuer client the specific conflicts of interest that have arisen in relation to their, or group entities', activities in a capacity of credit provider, and their activities related to the securities offering.

The Bank shall share the information about the issuer's financial situation with group entities acting as credit providers provided that this does not breach information barriers set up by the Bank to protect the interests of a client.

ANNEX III - Personal Transactions

➤ Scope

For the purpose of this Regulation, a Personal Transaction shall mean a transaction involving a financial instrument carried out by a Relevant Person, or on his behalf, provided that:

- The Relevant Person is acting outside the scope of his functions in his professional capacity, or
- The transaction is carried out on behalf of any of the following persons:
 - (i) the Relevant Person;
 - (ii) the Related Person;
 - (iii) A person in respect of whom the Relevant Person has a direct or indirect material interest in the outcome of the trade, other than obtaining a fee or commission for the execution of the trade;

➤ Personal Transactions

The Bank implements the necessary arrangements in order to prevent any Relevant Person, who is involved in activities that may give rise to a conflict of interest or who has access to inside information or confidential information relating to clients or transactions with or for clients, of, by virtue of an activity carried out by him on behalf of the Bank, from entering into a transaction:

- that that person is, under the applicable legal regime, prohibited from entering into, namely regarding the rules of market abuse prevention;
- that involves the illegal or improper disclosure of that confidential information;
- that conflicts or is likely to conflict with a legal obligation of the Bank.

Without prejudice to the applicable legal provisions regarding the unlawful disclosure of information, the Bank shall ensure that Relevant Persons do not disclose, other than in the normal course of their employment or contract for services, any information or opinion to any other person where the Relevant

Person knows, or reasonably ought to know, that as a result of that disclosure that the other person will or would be likely to take either of the following steps:

- (i) to enter into a transaction in financial instruments which, if it were a personal transaction of the Relevant Person, would be unlawful or subject to special criteria;
- (ii) to advise or procure another person to enter into such a transaction.

In this regard, the Bank will implement the necessary procedures and measures in order to ensure that:

(a) each Relevant Person is aware of the restrictions on personal transactions, and of the measures established by the Bank in connection with personal transactions and their disclosure; (b) the Bank is informed promptly of any personal transaction entered into by a Relevant Person, either by notification of that transaction or by other procedures enabling the Bank to identify such transactions; (c) a record is kept of the personal transactions notified to the Bank or identified by it, including any authorisation or prohibition in connection with such a transaction.

The above-mentioned procedures shall not be applied to the following personal transactions:

- (i) personal transactions effected under a discretionary portfolio management service where there is no prior communication in connection with the transaction between the portfolio manager and the Relevant Person or other person for whose account the transaction is executed;
- (ii) personal transactions in undertakings for collective investments in transferable securities (UCITS) or alternative investment funds (AIFs) that are subject to supervision under the law of a Member State which requires an equivalent level of risk spreading in their assets, where the Relevant Person and any other person for whose account the transactions are executed are not involved in the management of that undertaking.