

Appendix 1 to the Operating rules for the provision of investment services, adopted at the session of the Board of Directors, held on 21st December 2022 (No. UO_23_22/2, 21st December 2022).

ORDER EXECUTION AND ORDER EXECUTION ASSIGNMENT POLICY

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Banca Intesa ad Beograd

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I INTRODUCTORY PROVISIONS AND MEANING OF CERTAIN TERMS

Article 1

This Order Execution and Order Execution Assignment Policy (hereinafter: the Policy) represents a mechanism which ensures undertaking of all reasonable steps with the aim to achieve the best possible results in the process of execution of the clients' orders, taking into account the elements and criteria stated further in the text.

This Policy shall be applied to the services of execution of orders, as well as the receipt and transfer of orders on behalf and for the account of the Client, in mediation in purchase and sale of financial instruments that the Bank provides to its clients, in accordance with the provisions of the positive regulations, Operating Rules in Providing Investment Services of the Bank (hereinafter: Operating rules) and other internal documents of the Bank.

The provisions of this Policy refer to Small and Professional investors. In the course of operation with certain professional investors, the Bank applies an exemption from the obligation to provide information and the rules handling orders in accordance with the Law.

All terms used in this Policy shall have the meaning set forth in the Operating Rules.

Article 2

Achieving the most favorable outcome for the Client implies that the Bank acts with due care of a good expert and in accordance with the provisions of this Policy, positive regulations, Operating rules and other internal documents of the Bank and efforts to protect client's interests in an adequate manner.

If the Bank receives an explicit instruction (which represents the integral part of the order) such order will be executed in accordance with this instruction, regardless of the elements and the criteria regarding the most favourable order execution, with respect to the limitations of the technical and operational infrastructure. In these situations there is no obligation of the Bank to act in accordance with this Policy for the purpose of achieving the most favourable outcome for the client, whereby warning the Small Investor.

Article 3

The purpose of this Policy is to determine:

- criteria for determining the importance of various factors that can be taken into account when determining the best outcome, considering the size and type of order and the category of the Client;
 - factors for determining which location of execution enable the Bank to consistently achieve the best possible result for the execution of Client orders;
 - the conditions and nature of the procedures and systems that lead to the quick, fair and up-to-date execution of the Client's order and the circumstances in which the Bank can reasonably deviate from the quick execution of the order in order to achieve more favorable conditions for the Client;
 - measures and procedures regarding acting upon the order of the Client;
 - measures to monitor the effectiveness of procedures and mechanisms for the execution of Clients' orders under the most favorable conditions for Clients.
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The provisions of this Policy do not replace the provisions of contracts or regulations that regulate the subject area. The provisions of the Operating Rules and the Bank's general terms and conditions shall apply to everything that is not regulated by this Policy.

II RELEVANT ELEMENTS AND CRITERIA FOR DETERMINING THE MOST FAVORABLE EXECUTION

Article 4

When executing the order, the Bank will take all reasonable steps to achieve the most favorable outcome for the Client, taking into account the following elements:

- the price of the financial instrument;
- costs, speed and possibility of execution;
- costs, speed and probability of settlement;
- the size, type and nature of the order;
- other circumstances relevant to the execution of the order.

The Bank determines the relative importance of the above elements taking into account the following criteria:

- characteristics of Clients, including classification into Professional and Small Investor;
- characteristics of the Client's order (for example, when the order includes a securities financing transaction);
- characteristics of the financial instrument to which the order refers;
- characteristics of trading locations where the order can be executed.

When the Bank executes the order of a Small and Professional Investor, the achievement of the most favorable outcome is determined primarily in relation to the total costs of the transaction, taking into account the price of the financial instrument and the costs associated with the execution, including fees of the execution location, clearing and settlement costs and all other fees paid to third parties involved in the execution of the order. In order to additionally protect the interests of Small Investors, the Bank may take into account the nature of the order and the probability of execution with the aim of ensuring the most favorable outcome for the Small Investor.

When executing the order of the Professional Investor, the Bank may additionally take into account the influence of the market or the type of financial instruments, transparency, as well as any other circumstances that it deems to enable the most favorable execution of the order in the specific case.

When providing the service of executing and/or receiving and transferring orders in the name and for the account of the Small and Professional Investor, the Bank will choose the place of execution that enables the achievement of the most favorable execution.

The Bank will act upon the request of the Professional Investor when its interests are primarily oriented towards the speed of execution of the order, i.e. the speed of settling the order.

If a Small and Professional Investor submits an order to the Bank regarding a financial instrument that is quoted only at one place of execution, the Bank will execute the order or forward it (directly or indirectly) to the place of execution and this will be considered as achieving the most favorable outcome for the Clients.

If the Bank receives an order in respect of a financial instrument that is quoted on two or more Regulated Markets or MTF of which it is a direct member, the Bank will execute the order on

the market that ensures the most favorable total cost of the transaction, taking into account the relevant circumstances regarding the type and size of the order in question.

Orders for the purchase and/or sale of financial instruments that are traded on a market where it is not a direct member, will be transferred to Investment Companies by the Bank, that have direct or indirect access to that market, acting in the best interest of the Clients and in accordance with the rules of the profession.

The order from the previous paragraph of this article can be executed outside the Regulated Market, MTF, or OTF.

The bank can execute client orders through another member of the organized market if:

- this does not condition the collection of fees and other costs from the client in an amount that is higher than the fees that the Client would have paid if the Bank had provided the services;
- it cannot cause unnecessary business risks to the Bank;
- it cannot significantly jeopardize the quality of internal control;
- it enables oversight by the Commission.

In order to fulfill the obligations from this article, the bank will take measures to:

- ensure the achievement of the best possible effect for the Client, taking into account the factors relevant to the execution of the order and the criteria on the basis of which the importance of those factors is determined;
- ensure action according to the explicit instructions of the Client, in accordance with Article 5 of this Policy.

In the case when the Bank executes the Client's orders through another member of the organized market, the Bank determines for each class of instruments the members of the organized market through which it executes the Client's orders, which are listed in Annex 1 of this Policy.

The Bank may execute the Client's orders from this article through a third party, whereby considering its approach to order execution, establish its ability to act in accordance with the principles established by this Policy, as well as monitor the quality of execution of orders transferred to that person.

When choosing a third party, the Bank primarily applies the following criteria:

- compliance of that entity's business with the standards and principles accepted in the member states of the European Union in accordance with the directives and other regulations governing this area, which includes the principle of the most favorable order execution;
- whether that person has the knowledge, ability, means and necessary approvals for the professional performance of assigned tasks;
- the number of markets to which that person has access (directly and/or indirectly) and the volume of trading on such markets;
- financial strength, reputation and stability of that person.

Before entrusting the execution of the order to a third party, the bank will:

- determine the methods for evaluating the efficiency of a third party in relation to entrusted tasks and the measures that will be applied when it is estimated that that person is not able to perform the assigned tasks efficiently and in accordance with the relevant regulations;
 - enter into a contract with a third party that regulates mutual rights and obligations, and in particular:
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- the manner and term by which the Client's account is transferred to that person,
- the obligation of that person to keep confidential information regarding the Bank and its Clients,
- supervision over the execution of the entrusted order,
- obligations of the third party to:
 - undertake all reasonable steps to achieve the most favorable outcome for the Client,
 - adequately manage the risks associated with the assigned tasks,
 - keep records of personal transactions and submit them to the Bank without delay upon request,
 - timely report to the Bank on all circumstances that may affect the efficient performance of assigned tasks in accordance with relevant regulations;
- ensure that such assignment of tasks does not jeopardize the quality of internal control and the implementation of supervision over the Bank's operations;
- define measures to ensure the continuity of operations in the part of tasks that are entrusted to a third party and ensure that the termination of the contract with a third party does not negatively affect the continuity and quality of services that the Bank provides to its Clients;
- ensure that that person fully cooperates with the auditors, the Commission and other competent bodies in connection with the assigned tasks.

The Bank is bound to ensure that entrusting the execution of the order to a third party must not result in:

- altering the conditions under which the Commission granted the Bank permission to provide investment services;
- transfer of responsibility of the Bank's managers to third parties;
- change in the Bank's relationship with Clients;
- creating unnecessary additional business risks for the Bank or the Client;
- violation of the quality of internal control;
- violation of the possibility of conducting business supervision in accordance with the relevant regulations.

Article 5

The Bank will consider it most advantageous for the Client to execute the order on the Regulated Market, MTF or OTF of which it is a direct member, taking into account the transaction costs. When the Bank receives explicit instructions from the client for the execution of the order, it will, if possible, execute the order according to the received instructions, while it can also take the steps prescribed by this Policy when it does not contradict the Client's explicit instructions, and for the purpose of achieving the most favorable outcome for the Client.

It shall be deemed that by executing the order according to the explicit instructions of the Client, the Bank fulfilled its obligation to achieve the most favorable outcome, although the actual outcome may not be the most favorable for the Client in the specific case.

III ORDER EXECUTION LOCATION

Article 6

A trading location includes a Regulated Market, MTF or OTF.

Order execution location for purchase/sale of financial instruments includes:

- Regulated market;
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- MTF;
- OTF;
- Systematic internaliser;
- Market organizer;
- another liquidity insurer or an entity that performs a similar function in a foreign country as any of the aforementioned entities.

When executing an order on the OTC market, the Bank verifies the fair value of the price proposed to the Client by collecting market data used to estimate the price of such a product and, if necessary, comparing it with similar and comparable products.

In the case when the Bank receives the Client's order for trading outside the trading location, it will be considered that the client has given its prior express consent to the execution of such an order, without the Bank's obligation to inform the client about the consequences arising from its execution, as well as additional information about the consequences of such execution (for example counterparty risk).

Article 7

The Bank will not charge its fees in a way that unjustifiably discriminates against one or more possible execution locations.

If the Bank decides to apply different fees depending on the place of execution, it is obliged to explain the differences in sufficient detail so that the Client can understand the advantages and disadvantages of choosing an individual execution location.

When the Bank invites clients to choose an execution location, it provides correct and clear information that must not mislead in order to prevent the client from choosing one execution location instead of another based only on the Tariff Regulations for the provision of the Bank's investment services.

The Bank does not receive fees, discounts or non-monetary benefits for directing Clients' orders to a specific trading or execution location, which would violate the provisions on conflict of interest or incentives in accordance with the Law.

Annex 1 of this Policy contains an overview:

- of lists of locations of execution with costs and factors influencing the choice of execution location;
- investment companies to which the Bank submits or transfers orders for execution.

The Bank reserves the right to update Annex 1 if any changes occur.

IV HANDLING CLIENT'S ORDERS

Article 8

The bank ensures up-to-date and correct execution of the client's order according to the order acceptance time, except when the Market Organizer, i.e. the Stock Exchange, establishes a different order in its rules.

The Bank executes Clients' orders quickly, fairly and promptly, both in relation to the orders of other Clients and in relation to the Bank's trading interests.

For the purpose of prompt and correct execution of the client's order, the Bank undertakes the following measures and procedures:

- immediately and accurately enters information from the order to be executed for the client's account into the order book;
 - accepts the client's orders in accordance with the contractual documentation, unless it deems that there are circumstances that make the order unacceptable;
 - when it receives an order from the Client with a limit in relation to shares that are included in trading on the regulated market or that are traded at the trading location, and which is not immediately executed or enforceable according to the current prevailing market situation, it shall take measures to execute the order as soon as possible and immediately publish an order with a limit in a way that will make it easily accessible to other market participants, unless the Client has expressly given different instructions. It is considered that the Bank has fulfilled the obligation from this item, if it forwards the Client's order with a limit to the trading venue. The obligation to publish an order with a limit does not apply to an order that is large in volume compared to the normal market size and for which the Commission has removed the obligation to publish information on current bid and ask prices, based on the Law;
 - if there are advantages of certain regulated markets and multilateral trading platforms, determine whether they are consistent with this Policy to ensure execution based on market conditions as soon as possible;
 - ensures that orders executed on behalf of Clients are recorded and allocated without delay and correctly;
 - executes the Client's orders according to the time of acceptance of the order by the Bank and without delay, unless the prevailing conditions on the market make it impossible or the clients' interests dictate a different course of action;
 - immediately executes similar orders of the Clients in accordance with the time when it accepted the orders, unless the conditions prevailing on the market or the characteristics of the order make it impossible or the interests of the Client find a different course of action;
 - transfers the Client's orders according to the time of acceptance of the order by the Bank and without delay, in accordance with the possibilities allowed by the technical and operational infrastructure of the Bank and the third party;
 - properly and without delay records data on the location of execution of the order or the transfer of the order to a third party;
 - correctly and without delay records data on order execution for the Client's account;
 - immediately and accurately sorts the orders executed for the Client's account;
 - undertakes all the necessary activities required to ensure that all financial instruments or funds of the Client received during the settlement of obligations based on the executed order are transferred in a timely and orderly manner to the account of the corresponding Client;
 - informs the client about the execution of the order;
 - immediately informs the Client of potential significant difficulties in connection with the orderly execution of the order, upon learning of such difficulties;
 - during the entire process continuously monitors the acceptability and correctness of orders in accordance with applicable regulations and market practices;
 - does not structure or calculate its commissions in a way that would lead to unfair discrimination between locations of execution;
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- when executing an order or making a decision on trading OTC products including non-standardized products, checks the fair value of the price proposed to the Client by collecting market data used to estimate the price of such product and, if necessary, compares it with similar or comparable products;
- acts in the best interest of its Clients when transferring the Client's order to other entities for execution, except when it acts according to the special instructions of its Client when handing over or transferring the order to a third party for execution;
- upon request, provides its Clients or Potential Clients with information on third parties to whom the orders have been transferred or handed over for execution.

Article 9

When the bank trades financial instruments in its own name and for its own account, it acts in accordance with the above-mentioned measures and procedures.

Article 10

The Bank will not misuse information related to the Client's pending order and will take all reasonable steps to prevent the misuse of such information by Bank employees in accordance with the internal acts governing the management of conflicts of interest in the provision of investment services.

V INQUIRIES RELATED TO EXECUTION OF ORDERS

Article 11

The Bank is obliged to present to the Client, upon its request, data from which it is evident that the Client's order was executed in accordance with this Policy and the client's express instructions.

Clients can send the request from paragraph 1 of this Article to the Bank at:

- mailing address:
Banca Intesa a.d, Beograd – Odeljenje za investicione usluge
Milentija Popovića 7b
11070 Novi Beograd
Republic of Serbia or
- e-mail address: broker@bancaintesa.rs.

VI PUBLICATION OF INFORMATION ON THE IDENTITY OF THE EXECUTION LOCATION AND THE QUALITY OF EXECUTION

Article 12

The Bank publishes on an annual basis information related to Client orders that are executed at trading location or through Systematic Internalizes, Market Organizers or some other liquidity insurers or entities that perform a function in a foreign country similar to the function performed by any of the aforementioned entities.

The Bank publishes the five best execution locations in terms of trading volume for all executed Client orders by class of financial instruments.

For each class of financial instruments, the Bank publishes a summary of the analysis and conclusions reached by detailed monitoring of the quality of execution at the execution location where it executed all Client orders in the previous year.

The Bank publishes information on the Bank's website, in an electronic format that is publicly available for download.

VII RECORD KEEPING OF TRANSACTIONS, CLIENT ORDERS, ORDER PROCESSING AND TRADING DECISIONS

Article 13

In relation to each Client's order, the Bank will keep records of the details if they are applicable to the order in question or the trading decision, through the order form.

VIII REVISION AND UPDATE POLICY, EFFECTIVE DATE

Article 14

The Bank hereby undertakes:

- to continuously monitor the effectiveness of this Policy, especially in relation to the quality of order execution, and will assess at least once a year whether the planned measures ensure the achievement of the most favorable outcome for the Clients and, if necessary, revise this Policy;
- review this Policy every time there is a material change that affects the Bank's ability to continue to achieve the most favorable possible outcome for its Clients using the order execution venues listed in Annex 1 of this Policy.
- regularly assesses whether the best results for the Clients are achieved at the places of order execution listed in Annex 1 of this Policy, where the Bank executes orders for each individual type of financial instruments, and whether it is necessary to make changes to the existing list, taking into account the obligation to execute orders under the most favorable conditions.

Article 15

This Policy shall be an integral part of the Operating Rules.

The Bank will publish this Policy in the manner defined in Article 2 of the Operating Rules, and will hand it over to the Client on a permanent data carrier before entering into the contract, i.e. providing the service.

The Bank will notify Clients of all material changes to this Policy and its entry into force in the manner defined in Articles 2 and 85 of the Operating rules.



BANCA INTESA

It shall be deemed that the Client has accepted the amendments of this Policy if, following their publication in the manner described in this Article, the client supplies the Bank with the order, unless the client has informed the bank of the contrary.

PRESIDENT OF THE BOARD OF DIRECTORS

Draginja Đurić