

	SERVICE INSTRUCTION	No.:01.000EFACEC-08030375-040-000-EN-00
		Issue Date: 2020-01-22
	Scope: Efacec	Review date: -
		Entry into Force: 2020-01-22
Subject:	Policy of Conflict of Interests	

1. Introduction

Conducting business objectively and ensuring that employees are not influenced by outside interests that conflict with the best interests of the company, is essential to a professional management consistent with the best business practices.

Having a Conflict of Interests (or being exposed to a perception of Conflict of Interests) may result in reputational, legal or financial harm to the company, namely if an employee acting in his or her own interest makes a decision on behalf of the company causing the company to engage in a bad deal.

2. Objective

A clear and objective policy of communication, mitigation or elimination of Conflict of Interests is key to an environment of trust and confidence within the company and between the company and its employees and stakeholders.

An actual Conflict of Interests arises whenever the employee's outside interests influence his or her capacity to judge and decide in the best interest of the company.

An apparent Conflict of Interests arises even when the employee is confident that his or her capacity to judge and decide will not in any way be affected by an outside interest, but others may reasonably believe so.

This Policy applies equally to both actual and apparent Conflict of Interests.

3. Scope and exclusions

Efacec's Corporate Code of Conduct ('CCC') sets forth the core principles entailed in the Policy, which are applicable whenever the latter is lacking. In case of conflict between the Policy and the CCC, the former shall prevail. When an action or behaviour is simultaneously regulated by the Policy and the applicable law, the more restrictive norm shall prevail.

The Policy applies to all Efacec's Employees, as defined below.

The content of the Policy (or an equivalent content) shall be communicated and implemented by anyone doing business with Efacec or in any way acting on its behalf.

The Policy applies in every region Efacec (including its subsidiaries) operates and may be adjusted due to local laws' requirements.

4. Definitions

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'Conformity Declaration' is a declaration of conformity with the Policy, as per the model herein attached as Annex 1, and available in digital format on the Intranet. This declaration shall be submitted by members of Efacec's Boards of Directors and Employees with hierarchical level above level F, inclusive, within 30 (thirty) days of publication of the Policy or at the signing of their contract with Efacec, as applicable. Subsequently, the Conformity Declaration shall be submitted annually, confirming or altering the previous Declaration.

'Directly Related Person' means every direct member of the family of the Employee (spouse, children, children's spouses, mother, father, siblings and spouse's siblings), persons living in the same household and persons with whom the Employee has a personal and close relationship.

'Disclosure of Conflict of Interests' is the form used to disclose a Conflict of Interests, as per the model herein attached as Annex 2, and available in digital format on the Intranet. Alternatively, the Disclosure of Conflict of Interests form is available at Human Resources, whom shall forward completed forms to Legal & Compliance.

'Efacec' means every legal person, regardless of structure, legal nature or country of incorporation, directly or indirectly controlled by at least 50% of its share capital or voting rights, by Efacec Power Solutions SGPS, S.A., a company incorporated by the laws of Portugal, with its headquarters in Lugar da Arroteia, parish of Matosinhos, and number of incorporation 513180966, or any other company succeeding in its rights and obligations, pursuant to the law.

'Employee' means a person, regardless of his or her position in Efacec, having either a permanent or a temporary employment relationship with Efacec, or in any way acting on its behalf. It is included in this definition not only Efacec's employees, but also its Directors, Executive Directors, agents, consultants and third parties acting in Efacec's name and/or on its behalf. This definition includes contractors providing services to Efacec through service agreements or temporary transfer of workers' agreements, as well as professional or academic trainees.

'Substantial Interest' means an outside interest (economic or other) that could (or might reasonably be thought to) influence judgement or decision-making in the company's best interest.

5. Obligation to disclose Conflict of Interests

Employees unable to avoid any actual or apparent Conflict of Interests must disclose it by submitting a Disclosure of Conflict of Interests form within 30 (thirty) days of knowledge of the Conflict and, if possible, before participating in any procedure or decision implicated by such Conflict. Employees may ask to be excused from a decision-making, even if the disclosed Conflict of Interests is still under analysis.

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The Disclosure of Conflict of Interests takes the form herein attached as **Annex 2** and is available in digital format for completion and submission on the Intranet.

Employees without access to the Intranet must request and submit Disclosure of Conflict of Interests form to Human Resources, whom shall forward it to Legal & Compliance as soon as possible.

Any previous Conflict of Interests must be disclosed within 30 (thirty) days of publication of the Policy, by submission of the Disclosure of Conflict of Interests form, under the terms set forth in the Policy.

Termination of the Conflict of Interests must be communicated by the Employee to Legal & Compliance.

6. Mandatory Policy's Conformity Declaration

Without prejudice of the obligation to submit a Disclosure of Conflict of Interests form, if applicable, members of Efacec's Boards of Directors and Employees with hierarchical level above level F, inclusive, must submit an annual Conformity Declaration, within the following deadlines:

- The first Declaration of Conformity shall be submitted within 30 (thirty) days of publication of the Policy or at the signing of their contract with Efacec, as applicable;
- The following Declarations of Conformity must be submitted annually until the 31st of March, confirming or altering the previous Declaration, unless the previous Declaration of Conformity has been submitted less than six months ago.

The Declaration of Conformity takes the form herein attached as **Annex 1** and is available in digital format for completion and submission on the Intranet.

7. Examples of Conflict of Interests that must be disclosed

The following situations describe a Conflict of Interests situation that shall be mandatorily disclosed by Employees. Employees are also bound to disclose any other situations constituting a Conflict of Interests, even if not described herein.

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7.1. Relations with external entities

Employees are not allowed to have a Substantial Interest or to be directors, shareholders, workers, representatives, agents or by any means be related to an entity, either profit or non-profit, who does business (or expects to do business) with Efacec, or has a financial interest in Efacec or has regulatory powers on Efacec, without previously submitting a Disclosure of Conflict of Interests form and get Legal & Compliance's approval.

In addition, Employees cannot be remunerated or compensated for providing services or consultancy to an entity regarding a particular deal between that entity and Efacec.

Finally, Employees shall not engage in any external activities affecting the performance of their professional duties.

7.2. Businesses with Efacec

Employees are not allowed to participate in partnerships with Efacec (e.g., consortium, joint ventures and agency and consultancy relations) without previously submitting a Disclosure of Conflict of Interests form and get Legal & Compliance's approval.

Members of Efacec's Boards of Directors may not directly or indirectly enter into agreements with Efacec, unless expressly authorized by decision of the Board of Directors, in which the concerned member cannot vote, together with a favourable opinion of the Supervisory body, pursuant to article 397 of the Portuguese Commercial Companies Code.

7.3. Relations with competing entities

Employees are not allowed to engage in activities competing with Efacec, nor are they allowed to have a Substantial Interest or to be directors, shareholders, consultants, workers, representatives, agents or by any means being related with an entity which is (potentially) competing with Efacec.

Employees are not allowed to directly or indirectly have personal gain from opportunities legitimately belonging to Efacec, which came to their knowledge through Efacec's privileged information or because of the Employee's position in Efacec.

Members of Efacec's Boards of Directors are not allowed to directly or indirectly engage in an activity competing with Efacec nor to exercise functions in companies competing with Efacec, unless expressly authorized by Shareholders' Meeting, pursuant to article 398, no. 3, of the Portuguese Commercial Companies Code.

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If in doubt, Employees shall contact Legal & Compliance, directly or by email, in order to determine whether the activity that he or she is planning competes with Efacec's activity.

7.4. Directly Related Persons

Employees are not allowed to have a hierarchical relation with Directly Related Persons or to be part of a Directly Related Person's hiring process, without previously submitting a Disclosure of Conflict of Interests form and get Legal & Compliance's approval.

On the other hand, for information security and confidentiality purposes, and in order to mitigate potential Conflicts of Interests, Employees must disclose any situation described in 6.1, 6.2 and 6.3 above if the subject is a Directly Related Person, by submitting a Disclosure of Conflict of Interests form.

7.5. Gifts and Hospitality

Despite being common practice in some regions and businesses, exchanging of gifts and hospitality may be damaging to Efacec if perceived as inadequate or excessive or if it can be reasonably considered as an attempt to influence a decision and thus creating a Conflict of Interests.

Pursuant to Efacec's Policy of Gifts and Hospitality, Employees are not allowed to directly or indirectly accept or receive gifts or hospitality from third parties that can be reasonably perceived as inadequate or able to influence a decision or action.

7.6. Social and Political activities

Efacec encourages all Employees to actively participate in Community's life and to personally contribute to social, humanitarian and educational Organisations. Nevertheless, if these Organisations (potentially) provide services or do business with Efacec, Employees' personal support may create a Conflict of Interests, even if there are no profit interests.

Thereby, Employees are not allowed to participate in any decision regarding the Organisation they support and with whom Efacec is related, without previously submitting a Disclosure of Conflict of Interests form and get Legal & Compliance's approval.

On the other hand, since Efacec contributions to social, humanitarian and educational Organisations might create a Conflict of Interests, these must be previously approved pursuant to Efacec's internal approval matrix. Such contributions are transparent and mandatorily made through bank transfer (money contributions are expressly forbidden).

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Employees are not allowed to use Efacec's assets to solicit other Employees or third parties to contribute for social, humanitarian and educational Organisations.

Employees are not allowed to contribute with Efacec assets nor to use these assets to support or solicit Employees or third parties to contribute or in any way support Political Parties and/or electoral campaigns. Violation of this rule may constitute a violation of Law 19/2013 (as amended) that regulates the financing of political parties and electoral campaigns.

7.7. Suppliers

All Efacec suppliers must confirm they have no actual or apparent Conflicts of Interests regarding Efacec.

8. Clarification of doubts and communication of irregularities

Legal & Compliance is the competent body to clarify doubts regarding application of this Policy. Thereby, any request for clarification shall be sent to Legal & Compliance through conflitodeinteresses@efacec.com, who, depending on the urgency of the situation, will reply in 3 to 10 business days.

In case of violation or suspicion of violation of this Policy, Employees may contact Legal & Compliance or use the *Linha Ética*, as soon as possible. If a third-party knows or suspects of a violation of this Policy, he or she shall speak to their Efacec's contact person, who shall forward the report to Legal & Compliance, or use the *Linha Ética*, as soon as possible.

9. Analysis and management of Conflict of Interests

Management of Conflict of Interests is flexible and case-by-case based and consists in adoption of recommendations and procedures that can range from the obligation of termination of the Conflict of Interests to alienation of the Employee from his or her reporting group or from the decision-making process at stake.

In general, Conflict of Interests are analysed by Legal & Compliance, whom takes into account the mandatory opinion of the Corporate Ethics Committee. If the subject of the Conflict of Interests at stake works at Legal & Compliance, analysis and decision on the Conflict will be undertaken by the Executive Committee of Efacec Power Solutions SGPS S.A. In turn, should the subject of the Conflict of Interests be a member of a Board of Directors, analysis and decision on the Conflict will be undertaken by the Board of Directors (in which the concerned member cannot vote), unless otherwise stated in the law.

10. Responsibilities

Members of Board of Directors and Employees with	- Disclose any actual or apparent Conflicts of Interests (on their own name or in the name of a Directly Related Person), as well as termination of any
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hierarchical level above level F, inclusive	disclosed Conflict of Interests, within the required deadlines; and - Submit a Policy's Conformity Declaration, within the required deadlines.
Employees	Disclose any actual or apparent Conflicts of Interests (on their own name or in the name of a Directly Related Person), as well as termination of any disclosed Conflict of Interests, within the required deadlines.
Suppliers	Declare any actual or apparent Conflicts of Interests (on their own name or in the name of a Directly Related Person).
Human Resources	Make Disclosure of Conflict of Interests forms available to Employees without access to Intranet and submit completed forms to Legal & Compliance
Legal & Compliance	- Analyse on Disclosure of Conflict of Interests forms, and Conformity Declarations submitted under this Policy, and communicate decision to the Employee; - Clarify any doubts on the application of this Policy; - Receive and analyse misconduct communication regarding this Policy; - Monitoring compliance with this Policy; and - Give training sessions on this Policy.
Corporate Ethics Committee	Issue an opinion on the Conflict of Interests disclosed under this Policy
Board of Directors	Analyse and decide on Disclosure of Conflict of Interests forms submitted by members of the respective Board of Directors, unless otherwise stated in the law.
Efacec Power Solutions SGPS, S.A.'s Executive Committee	Analyse and decide on Disclosure of Conflict of Interests forms submitted by Legal & Compliance Employees.

11. Accountability

Failure to comply with this Policy shall trigger, as applicable:

- With regard to members of Administration or Supervisory bodies and Employees earning variable remuneration, possible withdrawal of such remuneration (if foreseen in the applicable remuneration policy) as well as possible clawback to the variable remuneration paid with regard to previous years;

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- Disciplinary action as set forth in the applicable labour law;
- With regard to contractors, possible termination of the respective agreement by Efacec.

12. Personal Data protection

Pursuant to this Policy, Efacec Serviços Corporativos S.A. is the responsible for processing data and shall process the following Employees and Directly Related Persons' personal data: name, Employee number, function, familiar relationships, or other, as well as personal relevant interests.

The mentioned personal data will be processed exclusively for the Policy's compliance purposes. Processing the mentioned personal data is necessary to further Efacec's legitimate interest, namely, protection of confidential information, prevention of illegal conduct and performance of ethical and objective business.

The rights of data subjects may be exercised under the terms established in the law, by sending a written request to privacy@efacec.com.

13. References

- Corporate Code of Conduct
- Policy of Gifts and Hospitality (01.000EFACEC-08030375-039-000-PT-00)

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Annex 1 – Policy's Conformity Declaration form

- ☐ I declare having read and understood the Policy of Conflict of Interests and I hereby agree to comply with it; and
- ☐ I declare that I have no Conflict of Interests capable of undermining the independence of my role in Efacec; or
- ☐ I declare that I have a Conflict of Interests actual or apparent which I will disclose through completion of the Disclosure of Conflict of Interests form.

Employee number:

Full name:

Function:

Signature:

Date and location:

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Annex 2 – Disclosure of Conflict of Interests form

I hereby declare that I have the following interest(s) that might be considered a Conflict of Interests, whether actual or apparent:

Functional Role <i>Describe your main functions</i>	Type of Conflict <i>Relations with external entities, Business with Efacec, Relations with competing entities, Labour relations with Directly Related Persons or others</i>	Description of the Conflict <i>Describe in detail the nature of the Conflict, including names and personal relations, if applicable</i>	Initial date <i>Date of beginning of the (risk of) Conflict</i>	End date <i>End of the (risk of) Conflict</i>	Disclosed? <i>Have you already disclosed the Conflict and if yes to whom have you disclosed it?</i>	Suggested solution (facultative) <i>Suggest any mitigation measures for the Conflict</i>

Employee number:

Full name:

Role and Business Unit:

Signature:

Date and location:

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