POLICY FOR HANDLING OF CONFLICTS OF INTEREST

INTRODUCTION

AS SEB Pank (SEB) provides a wide range of financial services to its clients and can undertake operations for its own account. This may result in conflicts of interest arising between different functions, units and/or companies of SEB (including SEB’s managers, employees and agents, or any person directly or indirectly linked to them by control) and their clients or between one client and another.

This „Policy for Handling of Conflicts of Interests” specifies the procedures to be followed for identification, with reference to the specific investment services and activities and ancillary services carried out by or on behalf of SEB, of the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more clients.

The policy also specify the procedures to be followed and measures that have been adopted in order to prevent any such potential theoretical conflict of interest from arising, or, where they do arise, from adversely affecting the interests of SEB's clients.

The policy shall be implemented in all units of SEB, taking into account applicable rules, and shall be applicable to all types of clients.

DEFINITIONS

In this instruction (hereinafter: the policy), the following terms shall have the meaning ascribed to them below:

Depositary services means the services provided by the depositary related to the activities specified in Section 95 of the Investment Funds Act (hereinafter: the IFA).
Depositary is the institution specified in Section 92 IFA.
Corporate Finance means operations covering underwriting and other participation in conjunction with the issuance of securities or offers concerning the purchase or sale of financial instruments, financial advisory services in the investment banking field regarding, e.g. mergers, corporate acquisitions, sales and restructurings, especially as regards listed companies, as well as brokering of contacts between buyers and sellers of financial instruments.
Fund means a pool of assets established for collective investment, including an undertaking for collective investment in transferable securities (UCITS), as well as common funds of the management company traded on a regulated market and stock exchange or another investment fund, established as an investment company.
Management of a fund means above all investment of the fund’s assets, as well as other activities specified in Section 10 (1) IFA.
Conflict of interests means a situation where different parties have interests that conflict with each other. Such conflicts may arise between different business areas of SEB and SEB Group units (including SEB's managers, employees, representatives and any persons directly or indirectly linked to them by control) and their clients or, between a group of SEB clients.
Investment research for the purpose of Section 82 SMA means research or other information intended for distribution channels or for the public concerning the present or future value or price of securities, incl. an investment recommendation, recommending or suggesting an investment strategy concerning a security or the issuer of securities on the following conditions:
(i) it is labelled or described as investment research or in similar terms, or is otherwise presented as an objective or independent explanation of the matters contained in the recommendation,
(ii) if a certain recommendation is made by an investment firm to a client, it does not constitute the provision of investment advice for the purposes of Section 43 (1) 5 SMA.
Ancillary services mean the services specified in Section 44 SMA.
Investment advisory service means provision of personal recommendations to a client in respect to transaction(s) relating to securities.

Investment services mean the services specified in Section 43 SMA.

Personal account dealing means a transaction undertaken for the account of an employee.

Trading for the account of the client means arrangement of transactions with securities on behalf of the client or SEB and for the account of the client.

Trading for own account means a securities transaction undertaken by SEB for the account of SEB's own funds.

SEB Group means Skandinaviska Enskilda Banken AB (publ) and all its subsidiaries.

SEB means AS SEB Pank.

SEB Bank Group means AS SEB Pank together with its subsidiaries and other SEB Group companies incorporated in Estonia.

Employee means an employee of the SEB Pank Group and anyone else who represents the SEB Pank Group unit under a contract, including a management board member, contractors or consultant.

Portfolio management means managing the client's portfolio comprised of money and/or securities in accordance with a mandate given by the client.

Unit means the area, department or division of AS SEB Pank but also the SEB Pank Group companies and their internal business units, depending on the context.

1. SCOPE OF APPLICATION AND PURPOSE

1.1 The purpose of this policy is to recognise, prevent and manage conflicts of interest when providing the financial services, between different business areas and units of SEB (including SEB’s employees and any persons directly or indirectly linked to them by control) and their clients or, between a group of SEB clients.

1.2 To achieve the abovementioned purpose, this policy shall determine:

1.2.1 the activities related to each specific investment and ancillary service provided by SEB Pank or on its behalf, which constitute or which may give rise to a conflict of interest or entail a material risk of damage to the interests of one or more clients;

1.2.2 the circumstances of any other financial service provided by SEB Pank or on its behalf, which constitute or which may give rise to a conflict of interest or entail a material risk of damage to the interests of one or more clients;

1.2.3 specified rules, which must be followed and measures which must be implemented in order to avoid the conflict of interest and mitigating the risk of damage to the interests of clients to the largest possible extent;

1.2.4 rules, which must be followed when notifying of the conflicts of interest.

2. APPLICATION

2.1 This policy shall be applicable to all SEB units that provide financial services.

2.2 In addition, management of conflicts of interest is regulated in SEB and the SEB Pank Group inter alia mainly with the internal rules listed in Annex 4.

2.3 In addition to this policy, the principles established in the Credit Institutions Act, Securities Market Act, Investment Funds Act, Insurance Activities Act and Funded Pensions Act shall apply to the management of conflicts of interest.

3. SERVICES AND ACTIVITIES INVOLVING POSSIBLE CONFLICT OF INTEREST

3.1 It is not possible to foresee or describe all potential conflicts of interest in this policy. The fact that a specific activity, situation, practice or custom is not prohibited with the policy does not necessarily mean that it is allowed. Accordingly, an employee or representative of a unit must contact the Compliance Department in all matters concerning conflicts of interests and directly not regulated with this policy.

3.2 Arising of a conflict of interest and risk of material damage to the interest of clients is possible also in the following activities of the SEB Pank Group:
3.2.1 Investment research

3.2.1.1 Investment research provides investors with information to enable them to take informed investment decisions. The purpose of each investor to make profitable investments may conflict with the interests or obligations of the below persons:

(i) SEB’s clients seeking to issue, transfer or acquire securities at the best possible price;
(ii) brokers and Treasury employees undertaking transactions for the account of SEB, who seek to manage SEB’s assets to its best advantage;
(iii) portfolio managers and fund managers belonging to the SEB Bank Group, who seek to maintain the best possible performance from the assets in their portfolios and funds;
(iv) SEB and its affiliates as issuers / providers of financial instruments;
(v) financial analysts and disseminators of investment research, who with premature selective disclosure of the research create a prohibited timely advantage for its recipients in acting, before the investment research is able to influence the price of the security;
(vi) producers of investment research, whose personal interests towards a security or issuer may conflict with the personal interests of those persons, to whom the investment research is disclosed.

3.2.2 Investment advisory service

3.2.2.1 The purpose of the investment advisory service is to provide appropriate advice that fits the interests of the specific client and is suitable for them. This interest may conflict with the interests of the following persons:

(i) SEB’s clients seeking to issue or acquire securities at the best possible price, or to achieve other strategic goals;
(ii) SEB’s interests in managing its own proprietary positions;
(iii) the desire of SEB’s investing clients, or its portfolio managers and fund managers, to deal in the securities on the most favourable terms;
(iv) the desire of SEB and /or its affiliates to issue/provide financial instruments on the most favourable terms.

3.2.3 Portfolio management and fund management

3.2.3.1 The purpose of portfolio and fund management service is to maximise the return within the established limitations on investment; accordingly, the interests and judgements of portfolio managers and fund managers may conflict with the interests of the following persons:

(i) SEB’s corporate clients seeking to issue, transfer or acquire securities at the best possible price, or to achieve other strategic goals;
(ii) SEB’s interests in managing its own proprietary positions;
(iii) interests of SEB and/or its affiliates as issuers/providers of financial instruments.

3.2.3.2 Conflicts may arise also from improper timing, consolidation or allocation considerations, since these may give an unfair information or timely advantage to certain funds/portfolios or clients compared to other funds/portfolios or clients.

3.2.4 Trading for own account

3.2.4.1 Trading for own account seeks to maximise the return from the positions which SEB takes. This interest is distinct from the interests of SEB’s clients and thus conflicts of interest can arise between SEB and its clients. A conflict may arise above all with the interests and activities of the following persons:

(i) clients who enter into transactions with SEB or by the agency of SEB in the course of their investment activities;
(ii) SEB’s activity in producing the investment research, providing the investment advice, portfolio and fund management.

3.2.5 Personal account dealing

3.2.5.1 Employees may engage in securities transactions for their own account and their interests in so doing may conflict with the interests of either SEB itself or those of its clients. A conflict may arise also from inappropriate advantage of information or time.
3.2.5.2 A conflict of interests may arise also from the sale of other property to the employees of SEB and the persons closely related to the same. Management of the conflict of interests upon selling property to the employees of SEB and the related persons is regulated in more detail in Annex 1 to this policy Rules of selling property to employees.

3.2.6 Trading with clients and for their account
3.2.6.1 When arranging transactions with and for clients, SEB obtains information relating to their affairs, which may raise potential conflict of interest between the clients and the following persons:

(i) other clients of SEB, whether engaging in trading in the same securities or seeking other services (inter alia those clients to whom SEB provides the portfolio management or investment advisory service);
(ii) SEB itself, when trading for its own account;
(iii) employees of SEB, engaging in personal account dealings.

3.2.7 Corporate Finance
3.2.7.1 SEB Corporate Finance operations may involve advising companies on high level strategy and financial matters generally, including giving advice on mergers, acquisitions, disposals, joint ventures, capital raisings and financing in connection with mergers and acquisitions. In the course of such activities, SEB obtains information relating to its client which could theoretically be misused as follows:

(i) in the interests of other clients of SEB, whether investors or competitors of the client in question;
(ii) in producing the investment research and providing advisory service in the SEB’s interests;
(iii) when trading for own account in the SEB’s interests, as well as for the account of clients;
(iv) in the interests of employees in undertaking personal account dealings.

The SEB’s employees involved in arranging transactions specified in clause 3.2.7.1 shall act in the best interests of their client, notwithstanding that this may conflict with the interests of either other clients of SEB or SEB itself.

3.2.8 Risk management
3.2.8.1 Operations related to management and mitigation of risks include analysis and management of credit risks and market risk in a situation, where the employees obtain confidential information relating to clients, positions of SEB, and proposed actions of SEB relating thereto. This information could be misused as follows:

(i) in the interests of other clients of SEB, whether investors or competitors of the client in question;
(ii) in producing the investment research and providing advisory service in the SEB’s interests;
(iii) when trading for own account in the SEB’s interests;
(iv) when undertaking personal account dealings in the interests of the employees.

3.2.8.2 These employees will give instructions and take such actions as they feel necessary to protect the interests of SEB, however may conflict with the interests of SEB’s clients.

3.2.8.3 According to the SEB Group Risk Policy, the group must establish an independent risk control function. Dependence of the risk control on business activity may jeopardise the clients’ interests.

3.2.9 Custodian operations
3.2.9.1 Within the units of SEB which provide services for custody of clients’ securities, instructions shall be adopted for the safeguarding of the interests of each client independently of other clients’ interests or the interests of other units of SEB. Whereas it shall be ensured that information concerning a client’s assets is not disclosed to another unit of SEB without the client’s consent.

3.2.9.2 In its capacity as depositary, SEB, in its custodianship of a fund’s assets, shall keep such operations separate from the operations of the management company, and operations which consist of providing credit to the fund concerned.

3.2.9.3 The unit providing the depositary services shall adopt rules ensuring fulfilment of obligations related to its control function.
3.2.10 Credit and financing
3.2.10.1 The activity of SEB’s structural units offering credit and financing services (for instance Credit Department, Retail Banking and Technology and Corporate Banking Area, AS SEB Liising) includes arrangement of financing and management of credit risk, including in connection with establishment and enforcement of collateral, which could lead to a potential conflict of interest between the other units of SEB or in relation to other clients.
3.2.10.3 A conflict of interest may arise also with such decisions that are related to granting of loans to the following persons:
   (i) members of the AS SEB Pank supervisory and management board and the head of Internal Audit;
   (ii) the spouses or partners, children, parents, sisters and brothers of the persons mentioned in the above clause (i);
   (iii) for the purpose of Section 10 SMA, a company controlled by the person mentioned in clauses (i) and (ii) and the parent company or subsidiary of such company;
   (iv) a shareholder, who is a natural person and has a qualifying holding in AS SEB Pank or a management board member or of a substituting body of a shareholder, who is a legal person;
   (v) companies, in which the persons listed in the above clause have equivalent economic interest (see Section 84, Section 10 of the Credit Institutions Act) as the holder of shares or member of a directing body;
   (vi) SEB Group auditors.

3.2.11 Remuneration system of employees
3.2.11.1 A conflict of interest may arise in a situation where the employees’ remuneration systems (including sales bonuses) is based on the achievement of sales targets. In this case there is a risk that the employee prefers the financial gain instead of the client’s interest and focuses on selling a product or service without taking interest in the actual needs and goals of the client.

3.2.12 Other grounds
3.2.12.1 In addition to the above-described, a conflict of interests may arise also in a situation, where SEB, its employee, manager or a third party under SEB’s control:
   (i) is likely to make a financial gain, or avoid a financial loss, at the expense of a client;
   (ii) has an interest in the outcome of a service provided to, or transaction carried out on behalf of, a client, which is distinct from the client’s interest,
   (iii) is involved in a business that is the same as the client’s business (other than, of course, where SEB as a market participant is dealing with another financing institution who is not a market participant);
   (iv) has a financial or other incentive to favour the interests of one client or group of clients over the interest of another client; or
   (v) receives from (or gives to) a person other than the client an inducement for entering into a transaction with a client or for providing a service to it, in the form of monies, goods or services. The above shall not apply in case of a standard commission or fee that is payable for the specific service.

4. PREVENTION AND MITIGATION OF CONFLICTS OF INTEREST
4.1 General rules
4.1.1 To prevent conflicts of interest from adversely affecting a client, actions taken in respect of the client must be based solely on the client’s interests. Such transactions and operations must be undertaken independently of the interests of other client’s, employees and units of SEB.
4.1.2 The below principles apply in the management of the conflicts of interest. The head of each unit which could be a possible source to a conflict of interests should upon need establish in addition to this policy relevant rules, specifying inter alia the following principles:
(i) no employee handles matters on behalf of SEB where they or a closely associated person (incl. a company) may have its own interests which conflict with the interests of SEB or its clients;

(ii) no employee engages in business activity (incl. by way of acquisition of holdings or control in any other way) on their own or any third party’s behalf without prior consent of SEB as the employer in each individual case;

(iii) to assume an assignment outside SEB (e.g. to participate in the work of the management or supervisory board of another company) an employee shall obtain prior approval from their immediate superior to avoid conflicts of interest;

(iv) employees in one business unit shall not exchange information with another business unit where the exchange of information could harm the interests of one or more clients;

(v) separate supervision has been established over the employees carrying out services or activities on behalf of clients if the clients’ interests may conflict with those of SEB;

(vi) there is no direct link between the remuneration of employees principally engaged in one activity and the remuneration of, or revenues generated by, different relevant employees principally engaged in another activity, where a conflict of interest may arise in relation to those activities;

(vii) employees within one unit cannot exercise notable influence over the way in which the employees of another unit perform their work assignments;

(viii) employees in one business unit shall not be simultaneously or sequentially be involved in providing separate investment or ancillary services, unless such involvement is not justified and could impair the proper management of conflicts of interest;

(ix) the remuneration system of employees is designed in a way that the employees’ interest does not appear in material conflict with the client’s interest;

(x) other necessary and appropriate measures are taken for the management of conflicts of interest.

4.1.3 When it is unavoidable for an employee to be involved simultaneously or sequentially in the provision of separate investment or ancillary investment services or the related activities, such activity shall be controlled by internal instructions (incl. specifying rules established by the respective area head) ensuring the proper management of the resultant potential conflicts of interest.

4.2 Special rules and measures

4.2.1 Investment Research

4.2.1.1 To prevent conflicts of interests related to financial analysts and financial analysts, the following measures shall be adopted:

(i) financial analysts and other persons listed in clause 3.2.1.1 of this policy must not undertake personal transactions or trade on behalf of any other person, including SEB, in securities to which investment research relates, or in any related securities, with knowledge of the likely timing or content of that investment research which is not publicly available or available to clients and cannot readily be inferred from information that is so available, until the recipients of the investment research have had a reasonable opportunity to act on it;

(ii) persons involved in the production of investment research must not undertake personal transactions in securities to which the investment research relates, or in any related securities, if contrary to the current recommendations, except in exceptional circumstances and with the prior approval of the SEB Compliance Department;

(iii) persons involved in the production of the investment research must not accept benefits in cash or in kind from those with a material interest in the subject-matter of the investment research;

(iv) persons involved in the production of the investment research must not promise issuers research coverage which is more favourable than the real terms;

(v) issuers and any other persons other than financial analysts, are not, before the dissemination of investment research, permitted to review a drafts of the investment research for the purpose of verifying the accuracy of factual statements made in that research, or for any other purpose other than verifying compliance with the SEB’s legal obligations, if the draft includes a recommendation or a target price.
4.2.1.2. The provisions of clause 4.2.1.1 shall not be applied if a financial analyst or any other connected person undertakes transactions acting in good faith or in the execution of an unsolicited client order.

4.2.1.3 Financial analysts are not permitted to produce investment research concerning legal persons, in which they are a member of the management board or the supervisory board.

4.2.1.4 Financial analysts shall not report to or otherwise be under the control of the corporate finance or sales and trading units.

4.2.1.5 Any potential material conflicts of interest which exist between the SEB Group and the companies or financial instruments covered in the research, and which is in the knowledge of the unit producing the research, shall be disclosed in the reports. The reports must indicate also any recent involvement of the SEB Group in providing services related to investment banking and any involvement of the SEB employees in the affairs of the company concerned, as well as possible holding of the SEB Group or the analyst who produced the analysis in the company.

4.2.2 Conflict of interests between SEB units

4.2.2.1 In the event that a conflict of interest arises between two or more units of SEB, or between the unit and a client that affects two or more units or their subunits, the units concerned shall take appropriate steps to ensure that the conflict of interest does not have material adverse effect on the interests of the clients.

4.2.2.2 The units in the SEB Pank Group provide both, the fund management as well as depositary services, resulting in potential conflict of interest. The fund management and depositary services must be provided independently of each other and exclusively in the common interest of the unit-holders. The SEB Pank Group internal risk management system shall ensure that risks relating to potential conflicts of interest are handled appropriately, and that the common financial interests of unit-holders take precedence over the interests of the SEB Pank Group. The respective unit providing the depositary services shall ensure that the control function is applied to the maximum extent and independently from AS SEB Varahaldus and in the best interests of the unit-holder.

4.2.2.3 Within the units that engage in fund management or provide depositary services, written rules have been established, which ensure:

   (i) that the fund management and the depositary services in the SEB units are organised with appropriate information barriers, clear and explicit reporting channels for the maintenance of confidentiality, and a clear allocation of responsibility;
   (ii) that the depositary can act independently of the management company in the efficient supervision of the assets under the control of the management company;
   (iii) that services within the management company and the depositary are provided on customary market conditions.

4.2.2.4 The SEB Group has adopted the Instruction for the Activities of SEB Group, stipulating the manner in which operational decisions are taken in business units. The provisions contained in this instruction concerning the allocation of responsibility are intended, among other things, to protect against risks that may be inherent in conflicts of interest.

5. Record keeping and reporting of services and activities potentially giving rise to conflicts of interest

5.1 Each unit shall ensure that:

   (i) in the event that it identifies an actual or potential conflict of interest which could materially damage the interests of such client to which it is providing investment or ancillary services or activities or investment-related activities, such actual or potential conflict shall be immediately reported to the employee of the SEB Compliance Department who, if necessary, advises the employee on measures to be taken for the prevention or mitigation of the conflict, and gives guidelines for further activities;
   (ii) all such notices shall be filed together with the description of circumstances. If relevant, the identified conflict of interest is registered in the Compliance incidents register by the employee or the employee of the Compliance Department;
(iii) the rules designed for identification and mitigation of conflicts of interest are contained in the internal procedure rules pertaining to the respective unit and the process description must be reviewed and updated on regular basis;
(iv) the head of the SEB Compliance Department shall ensure that SEB monitors the effectiveness of the measures and procedures put in place pursuant to the current procedure, and that these are updated as and when necessary.

5.2 To identify potential conflicts of interest an analysis shall be performed at least on annual basis, in order to map the situations and circumstances, which theoretically may materially damage the interests of the clients. The analysis must be submitted to the employee of the Compliance Department, who shall enter the identified actual or potential conflict of interests into the respective register.

6. BENEFITS
6.1 Offering or receipt of a fee or other benefit by the SEB unit in relation to a service provided to the client may raise a conflict of interests and accordingly needs focused attention.
6.2 Payment of a fee directly to or by a client or someone acting on behalf of a client to an employee is not permitted, if this may affect the decision of the recipient with regard to SEB or it could be considered bribery.
6.3 Fees which enable or are necessary for the provision of a specific service and which by their nature cannot give rise to any conflict with SEB’s duty to act honestly, fairly and professionally in accordance with the best interest of its clients are permitted. Fees may include *inter alia* a custody fee, settlement and exchange fee, other fees arising from legislation and price list.
6.4 Furthermore, a fee can be paid to and charged from third parties with a purpose to enhance the quality of the service provided to the client. Such fees can not affect the SEB’s duty to act in the best interests of its client and must be clearly disclosed to the client in advance.
6.5 Payments between legal entities within the SEB Pank Group are also covered by the rules regarding inducements, although payments between different units within the same legal entity are not covered by these provisions.
6.6 All agreements within SEB including any kind of third party payment arrangements as described above are required to be in writing and shall be reviewed and agreed beforehand by the responsible business manager.
6.7 If a payment or other benefit arrangement has been approved and considered permissible, the relevant unit is required to properly describe and document the arguments which enabled to conclude that the respective arrangement does not damage the interests of the client. Whereas the evaluation of the following circumstances must be described:
   (i) How does the respective fee or benefit arrangement enhance the service quality;
   (ii) Why is it considered that the arrangement does not affect the SEB’s duty to act in the best interests of its client; and
   (iii) How is clear disclosure of clients of the respective arrangement ensured.
The above documents shall be filed together with the relevant arrangements.
6.8 If a payment or benefit arrangement to or from a third party is permitted, the payment or benefit arrangement shall be disclosed to the client prior to the provision of the service. Such prior disclosure shall cover the existence, nature and the amount of the fee, commission or benefit. If the amount cannot be ascertained, it is sufficient to disclose the method of calculation.
6.9 The above disclosure may be in summary form provided that the full information is made available to the client on request. Any summary shall however contain sufficient information to enable the client to make an informed decision on whether or not to proceed to business on the terms stated.
6.10 In order to manage the conflict of interests related to benefits and gifts, the SEB Pank Group has established Annex 2 to this policy Granting and receiving of benefits (in relation to investment services and ancillary services) and Annex 3 Instructions for gifts and business entertainment, which specify in more detail the general principles stipulated herein.

7. DISCLOSURE OF CONFLICTS OF INTEREST
7.1 Where, in case of a specific conflict of interests, the relevant business unit is not reasonably confident that the measures adopted under this policy will prevent the risk of material damage to its
clients, the general nature or source of the conflict of interest shall be disclosed, in a durable medium, to the clients concerned. Such disclosure is a last resort and should only be adopted in specific cases where the measures otherwise put in place are inadequate to manage the risk of material damage to the clients affected.

7.2 In such cases the SEB Pank Group shall disclose the relevant conflict of interests to the client before undertaking a business transaction. The information given to the client must be sufficiently precise to enable the client to take an informed decision on whether or not to proceed with the proposed business transaction.

7.3 Disclosure of a conflict of interests shall not change the obligation stipulated in law to act in the best interests of the client in case of unavoidable conflict of interest.

7.4 Where an employee becomes aware of circumstances which they believe could constitute a conflict of interests and are likely to have a material damage to the client's interests, they shall immediately report the matter to their immediate superior or the SEB Compliance Department.

7.5 In case of questions in relation to this policy and the annexes hereto, the Compliance Department must be consulted.