

# Policy on Conflicts of Interest

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## 1. Introduction

- 1.1. The Bank, as a member of the SEB Group, acts in accordance with SEB Group mission and vision (e.g., the Code of Conduct). The Bank follows SEB Group governance and decision-making principles, as far as they are in line with laws of the Republic of Estonia, articles of association of the Bank and the Bank's regulatory documents.
- 1.2. This document is executed for the purposes of following and supporting above mentioned principles in order to ensure similar understanding and application of SEB Group internal documents and to provide appropriate financial services for the clients within all SEB Group companies.
- 1.3. The Bank ensures, as far as possible, that regulatory rules of the Bank Group are adopted using the principles as described in the preceding paragraphs.
- 1.4. The SEB Group provides a wide range of financial services to its clients and undertakes operations for its own account. This may result in actual and potential Conflicts of Interest arising between different functions, units and/or companies of the SEB Group (including the SEB Group's Employees and tied agents, or any person directly or indirectly linked to them by control) and their clients, or between one client and another.
- 1.5. This policy specifies the procedures to be followed by the Bank and Bank Group for the identification of circumstances which constitute or may give rise to a Conflict of Interest.
- 1.6. This policy also specifies the procedures to be followed and measures that have been adopted in order to prevent any such actual or potential Conflict of Interest from arising, or, where one does arise, from adversely affecting the interests of the Bank's and Bank Group's clients.
- 1.7. This policy shall apply to all Employees, Board Members (to the extent relevant) and shall be applicable to all types of clients.

## 2. Definitions

In this policy, the following terms shall have the meaning ascribed to them below.

**Bank** – AS SEB Pank

**Bank Group** – the Bank, its subsidiaries and their subsidiaries which are organized and existing under the laws of the Republic of Estonia.

**Board Member** – member of the management board (in its managerial function) or supervisory board of a Bank Group entity.

**Client Trading** – arranging transactions in financial instruments with and for clients.

**Closest Family Members** – spouse, cohabiter, registered partner, child, stepchild, and any other relative who has been sharing the same household with an Employee or a Board Member.

**Conflict of Interest** – a situation in which different parties have interests that conflict with each other. Such conflicts may arise between different functions, units and/or companies of the SEB Group (including the SEB Group's Employees and tied agents, or any person directly or indirectly linked to them by control) and their clients, between one client and another or between an Employee/ Board Member (including its Closest Family Members or closely-associated company) and the SEB Group.

Areas in which the Bank or any Bank Group entity faces the risk of a Conflict of Interest arising include cases where the SEB Group itself, an Employee or third party under the control of the SEB Group:

1. is likely to make a financial gain, or avoid a financial loss, at the expense of a client,
2. 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,
3. is involved in a business that is the same as the client's business (other than, of course, where the SEB Group is dealing with another financial institution on the basis of transactions between two market participants),
4. has a financial or other incentive to favor the interests of one client or group of clients over the interest of another client, or
5. 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 monetary or non-monetary benefits or services.

**Corporate Finance Operations** – operations consisting of underwriting of, and other participation in, securities issues or offers for the purchase or sale of financial instruments, financial advisory services in the investment banking field regarding, e.g. mergers, corporate acquisitions, sales and re-organisations, especially regarding listed companies, as well as the brokering of contacts between buyers and sellers of financial instruments.

**Depository** – an institution entrusted with the duties set out in the Investment Funds Act and the agreement signed with Investment Management Company

**Employee** – all employees within the Bank Group (and, for the avoidance of doubt, Management Board Members and Key Function Holders) and anyone else who represents companies within the Bank Group, including independent contractors and consultants.

**Assignments outside SEB** – an Employees' commitment to external activities, such as taking employment outside SEB Group (either part-time or full-time) or serve on the board or other similar body of another company or organisation, owning or carrying on business of any kind.

**Fund** – undertakings for collective investments, including but not limited to UCITS, Alternative Investment Funds, exchange traded funds structured under the law of contract as common funds managed by a management company, or other funds structured under statute (investment companies and other undertakings other than common funds e.g. SICAV's).

**Fund Management** – the investment management of a Fund as well as administrative measures associated therewith.

**Insurance distribution** – insurance distribution means the activities of advising on, proposing, or carrying out other work preparatory to the conclusion of contracts of insurance, of concluding such contracts, or of assisting in the administration and performance of such contracts.

**Investment Advisory Activity** – the provision of personal recommendations to a client, either upon its request or at the initiative of the SEB Group, in respect of one or more transactions relating to financial instruments.

**Investment Research** – research or other information recommending or suggesting an investment strategy explicitly or implicitly, concerning one or several financial instruments or the issuers of financial instruments, including any opinion as to the present or future value or price of such instruments, intended for distribution channels or for the public, and which 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.

**Investment Management Company** – AS SEB Varahaldus.

**Key Function Holder** – as defined in the "Policy on suitability, diversity and composition of the management bodies and other key function holders".

**Personal Account Dealing** – transactions undertaken by or on behalf of Employees for their own account.

**Portfolio Management** – the managing of portfolios in accordance with mandates given by clients on a discretionary client-by-client basis where such portfolios include one or more financial instruments.

**Proprietary Trading** – trading against proprietary capital resulting in the conclusion of transactions in one or more financial instruments.

**Qualifying Holding** – means a direct or indirect holding in an undertaking which represents 10 % or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking.

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

### 3. Provisions on Conflicts of Interest in external and internal rules

- 3.1 In applicable laws covering credit institutions there are confidentiality provisions which entail that information concerning clients may only be used or disclosed to any third party within or outside the Bank where such disclosure is authorised. These requirements are reflected also in Instructions on Confidentiality and Personal Data Protection of the Bank.
- 3.2 The Code of Conduct for the Bank Group sets out the principles which express the SEB Group's fundamental core values and which must be complied with by all Employees in their day-to-day work as well as by Board Members. In accordance with what is stated therein, it is the responsibility of each SEB Employee and Board Member to adhere to the Code of Conduct and for asking their immediate supervising manager/Chairman of the Board and when relevant Compliance in case of doubt on how to act.
- 3.3 The Instruction for the governance of SEB Baltic Division dictates the manner in which operational decisions are taken in organisational areas and units. The provisions in that instruction regarding the allocation of responsibility are intended, among other things, to protect against risks associated with potential Conflicts of Interest.
- 3.4 The Instruction on Management of Conflicts of Interest provides for further guidance and more detailed procedures for management of Conflicts of Interest in the Bank Group. The said Instruction also adheres to the local regulatory requirements and other external guidelines requiring the Bank and Bank Group to establish internal control system in relation to Conflicts of Interest management (such as EBA Guidelines on Internal Governance).

### 4. Procedures on identification, prevention, assessment, management or mitigation of actual or potential Conflicts of Interest

#### Procedures for management of Conflicts of Interest

- 4.1 In order to identify, assess, manage, mitigate and prevent actual or potential individual and collective Conflicts of Interest within the board (including Closest Family Members to each Board Member), the Chairman of the Board shall ensure that the relevant procedures and arrangements addressing at least items listed in Appendix 1, (as applicable for the Board Members) are implemented. These procedures and arrangements shall be documented, periodically reviewed, updated and recorded. An assessment of Conflicts of Interest based on the aforementioned procedures and arrangements shall be performed as often as it is deemed appropriate, but at least annually. The outcome of that assessment shall be documented, recorded and communicated in accordance with Section 5 in this policy.
- 4.2 In order to identify, assess, manage, mitigate and prevent actual or potential individual and collective Conflicts of Interest within the Key Function Holders (including Closest Family Members to each Key Function Holder), the Chairman of the Management Board shall ensure that the relevant procedures and arrangements addressing items listed in Appendix 1 (as applicable for Key Function Holders), are implemented. These procedures and arrangements shall be appropriately documented, periodically reviewed, updated and recorded. An assessment of Conflicts of Interest based on the aforementioned procedures and arrangements shall be performed as often as it is deemed appropriate, but at least annually. The outcome of that assessment shall be documented, recorded and communicated in accordance with Section 5 in this policy.
- 4.3 In order to identify, assess, manage, mitigate and prevent actual or potential Conflicts of Interest,
  - a) the head of each area, and
  - b) the head of each unit,
  - c) the Chairman of the Management Board of each Bank Group entityshall ensure that the relevant procedures and arrangements addressing at least items listed in Appendix 1, are implemented. These procedures and arrangements shall be documented, periodically reviewed, updated and recorded. An assessment of Conflicts of Interest based on the aforementioned procedures and arrangements shall be performed using bottom-up approach. The assessment shall cater for the identification, assessment, management, mitigation and prevention of Conflicts of Interest in and between all relevant units in (a)-(c) above. The assessment shall be performed as often as it is deemed appropriate, but at least annually. The outcome of that assessment shall be documented, record-kept and reported in accordance with Section 5 in this policy.

#### Responsibility of Employees and Board Members

- 4.4 If an Employee or a Board Member becomes aware of circumstances which they believe could constitute a Conflict of Interest related to their duties or position or a Closest Family Members, they shall report the matter to their immediate supervising manager or the Chairman of the Board respectively. All Employees and Board Members have responsibility to actively engage in identification, assessment, management, mitigation and prevention of actual or potential Conflicts of Interest.

## General preventive procedures

- 4.5 The main measure to prevent Conflicts of Interest from adversely affecting a client is to ensure that actions taken in respect of the client are based solely on that particular client's own interests, and that the actions are taken independently of any other interest of the SEB Group's other clients, other activities, Employees or Board Members, etc.
- Specific preventive procedures
- 4.6 On an organisational level, measures to prevent Conflicts of Interest include i.a. appropriate segregation of duties and establishment of information barriers. Also, when organising and re-organising its activities, the Bank Group's actual or potential Conflicts of Interest shall be assessed, managed and mitigated.
- 4.7 The SEB Group has adopted specific rules designed to prevent the personal financial interests of Research analysts from influencing their analysis and recommendations. Also, SEB Group has adopted specific rules designed to prevent Conflicts of Interests that may arise between Depository and Fund Management activities. These measures are set out in Appendix 2.
- 4.8 The Bank Group has adopted instructions concerning Personal Account Dealing for certain Employees which, among other things, requires an Employee (depending on their role) to obtain permission prior to dealing in financial instruments and to report transactions undertaken. These instructions also prohibit short-term trading. The provisions in those instructions are intended, among other things, to protect against risks associated with potential Conflicts of Interest.
- 4.9 When the Bank or any Bank Group or SEB Group entity gives or receives a payment or other benefit from third party (so called 'inducements') in relation to a service provided to a client, this may give rise to a Conflict of Interest. The Bank Group has adopted specific rules on inducements (the 'Instruction for the giving and receiving of Inducements in the SEB Group') which are designed to protect from risks that a payment or other benefit should influence either SEB or another party to act in a manner that puts its own interests (or those of a third party) above the interests of a client.
- 4.10 The SEB Group, including the Bank Group and the Bank therein, has adopted procedures (the SEB Group Transfer Pricing Policy) concerning related parties' transactions, requiring related parties within the SEB Group to conduct business on an arm's length principle. This instruction is also intended, among other things, to protect against the risks associated with potential Conflicts of Interest.
- 4.11 The Credit Instruction of the Bank sets out detailed procedures regarding Conflicts of Interest related to credits to certain persons within the SEB Group.
- 4.12 Instructions on Gifts and Business Entertainment applies and develops the principles and requirements relating to the giving and receiving of Gifts and Business Entertainment and sets the standards of behaviour to be maintained by Employees and Board Members.
- 4.13 Employees' external assignments may be in conflict with the interests of either the Bank or any Bank Group entity itself or those of their clients. Instructions on Assignments outside SEB defines principles which must be followed when the Employee or the Board member takes Assignments outside SEB.
- Identification of Conflicts of Interest at an institutional level
- 4.14 Services, activities and situations in which actual or potential Conflicts of Interest arise are set out in Appendix 3. Unless specifically set out in Appendix 3, such Conflicts of Interest are managed through application of principles of independence, segregation of duties, relevant instructions, policies, procedures and information barriers.

## Identification of Conflicts of Interest at Employee/Board Member level

- 4.15 Situations in which there is a potential for Conflicts of Interest related to Employees or Board Members are set out in Appendix 4 and may be used as guidance in order to identify actual Conflicts of Interest.

## 5. Documentation, record-keeping and reporting of Conflicts of Interest

### Documentation and communication of Conflicts of Interest related to Board Members

- 5.1 When, after an assessment of Conflicts of Interest in accordance with Section 4, a Conflict of Interest related to a Board Member (including the Board collectively) or a Closest Family Members to a Board Member has been identified, the Chairman of the Board shall ensure that such Conflicts of Interest are documented and recorded. In case the Conflicts of Interest have not been mitigated but instead the related risk has been accepted, it shall be communicated within the Board of that relevant entity within the Bank Group and the Bank.

## Documentation and communication of Conflicts of Interest related to Key Function Holders

- 5.2 When, after assessment of Conflicts of Interest in accordance with Section 4, a Conflict of Interest related to Key Function Holders or their Closest Family Member has been identified, the Chairman of the Management Board shall ensure that such Conflicts of Interest are documented and recorded. In case the Conflicts of Interest have not been mitigated but instead the related risk has been accepted, it shall be communicated within the relevant entity within the Bank Group and the Bank.

## Documentation and reporting of Conflicts of Interest related to Employees

- 5.3 When, after assessment of Conflicts of Interest in accordance with Section 4, a Conflict of Interest related to an Employee or a Closest Family Member of an Employee has been identified, the immediate manager, shall ensure that the decision taken in relation to that is documented and recorded. In case the Conflicts of Interest have not been mitigated but instead the related risks have been accepted the immediate manager has to inform his/her supervising manager and the Compliance about such risk.

The head of each area or the Chairman of the Management Board of the Bank Group entity, shall ensure that the Management Board of the Bank through Compliance receives, frequently or at least annually, written reports on any Conflicts of Interest related to an Employee or Closest Family Members where related risks have been accepted in the area of responsibility as applicable.

## Documentation and reporting of detrimental Conflicts of Interest

- 5.4 The head of each area and unit and Bank Group entity shall ensure that in the event an actual or potential Conflict of Interest is identified, which could detrimentally affect the interests of one of its clients to which it is providing investment or ancillary services or activities, where such conflict is attributable to specific activities or positions within the SEB Group (as opposed to those generic potential Conflicts of Interest attributable to the SEB Group's structure and the nature of its activities, as identified under Appendix 3), such actual or potential conflict is documented accordingly.
- 5.5 Each head of area and unit or the Chairman of the Management Board of Bank Group entity shall ensure that Management Board of the Bank through Compliance shall receive, frequently or at least annually, written reports on any detrimental Conflicts of Interest which entail a risk of damage to the interests of one or more clients.

## Monitoring

- 5.6 The head of Compliance is responsible for ensuring that the Bank Group entity monitors the effectiveness of the measures and procedures put in place pursuant to this policy, and for ensuring that this policy is reviewed at least annually, and updated as and when necessary.

## 6. Disclosure of Conflicts of Interest

- 6.1 Where the relevant area or unit of the Bank or entity of the Bank Group is not reasonably confident that Conflicts of Interest can be mitigated and the measures adopted under this policy will prevent the risk of damage to the client(s), the head of respective area or unit or Chairman of the Management Board of the respective SEB Group entity shall decide whether the general nature and source of the Conflict of Interest shall be disclosed, in a durable medium to the client(s) concerned. Such disclosure is a measure of last resort and should only be adopted in specific cases where the measures otherwise put in place are deemed to be inadequate in preventing the risk of material damage to the client(s) affected.
- 6.2 In such cases, the Bank Group shall disclose the relevant Conflict of Interest to the client before undertaking business with or for it. Such disclosure to a client should take into account the nature of the client and give sufficient information to enable the client to make an informed decision on whether or not to proceed with the proposed business.

## Appendix 1

Relevant procedures and arrangements to be implemented in order to manage Conflict of Interest should include at least the following:

- a) In the event that a Conflict of Interest arises between two or more companies within the SEB Group, or a Conflict of Interest relating to a client affects two or more companies of the SEB Group, the companies concerned shall take appropriate steps (organizational and/or administrative, as applicable) to ensure that the Conflict of Interest does not materially and/or adversely affect the interests of their respective clients. Areas and units, should do likewise in relation to potential Conflicts of Interest that arise between them.
- b) Employees and Board Members must not handle matters on behalf of the SEB Group where either they or a Closest Family Member or closely-associated company may have an interest which conflicts with the interests of the SEB Group or its clients or where the Employee's or Board Member's objectivity or ability to fulfil duties to the SEB Group may be otherwise compromised.
- c) Employees' and Board Members' engagements with the SEB Group (such as shareholding in an entity within the SEB Group, private accounts, loans or other services provided by an entity within the SEB Group) should not be considered as leading to a Conflict of Interest as long as those engagements are in line with what can be reasonably seen as customary relationships with the relevant SEB Group entity.
- d) Employees must not engage in business operations on their own or any third party's behalf without the consent from their immediate superior in each individual case.
- e) Employees must seek prior approval from their immediate supervising manager and additionally the next superior manager for External assignments outside their employment with the SEB Group. In relation to Employees and Board Members, no assignments in the board of a competing institution are permitted, unless such assignments are within institutions that belong to the same institutional protection scheme, credit institutions permanently affiliated to a central body, or institutions within the scope of prudential consolidation .
- f) Employees in one area, unit or in different Bank Group entity may not exchange information with those of another area, unit, or Bank Group entity where the exchange of that information may harm the interests of one or more clients.
- g) There must be separate supervision of Employees carrying out services or activities on behalf of clients whose interests may conflict with those of the SEB Group.
- h) There must be no direct link between the remuneration of Employees principally engaged in one activity and the remuneration of, or revenues generated by, Employees principally engaged in another activity, where a Conflict of Interest may arise in relation to those activities.
- i) Employees within one area, unit, or Bank Group entity must not exercise inappropriate influence over the way in which Employees of another area, unit or Bank Group entity carry out their activities.
- j) Employees within one area or unit or Bank Group entity should not unnecessarily be either simultaneously or sequentially involved in separate investment or ancillary services or other activities where such involvement could impair the proper management of Conflicts of Interest. When it is unavoidable for an Employee to be involved in different investment, ancillary services or activities, the overlapping involvement shall be controlled by internal instructions ensuring the proper management of any resulting potential Conflicts of Interest.
- k) Whenever transactions with related parties are to be conducted, procedures set out in the SEB Group Transfer Pricing Policy and Instruction should be followed.
- l) Any other appropriate measures must be taken in order to manage actual or potential Conflicts of Interest.

## Appendix 2

These specific requirements are applicable in case the respective service is provided by any Bank's Group entity.

### Specific measures concerning research analysts to prevent Conflicts of Interest

1. Research analysts may only undertake personal transactions or trade in financial instruments to which their Investment Research relates once the recipients of their research have had a reasonable opportunity to act on it.
2. Any such personal transaction must conform with the research analyst's recommendation at the time (although permission may be given in exceptional circumstances for transactions which do not conform).
3. Employees involved in the production of Investment Research must not accept inducements from those with a material interest in the subject matter of that Investment Research.
4. Employees involved in the production of Investment Research must not promise favorable research coverage to issuers of tradeable securities.
5. Where issuers of tradeable securities or any other Employees are permitted to review draft Investment Research for the purpose of verifying the accuracy of factual statements contained within it, the draft must not include any recommendation or target prices.
6. Employees are not permitted to produce Investment Research concerning entities in which they are a member of the board of directors or a senior executive.
7. Employees involved in the production of Investment Research shall not have a reporting line to, or otherwise be under the control of, the corporate finance team or sales and trading units.
8. Any material potential Conflict of Interest which exists between the SEB Group and the issuer of financial instruments covered in Investment Research and which is known by the Research department, shall be disclosed in the Investment Research, including any recent involvement of the SEB Group in providing investment banking services, any relevant shareholdings of the SEB Group, shareholdings of the analyst producing the report, or involvement of Employees in the affairs of the company concerned.

### Specific measures concerning Fund Management and Depositary

1. The services provided by the Investment Management Company and the Depositary services provided by the Bank or Bank Group company must be carried out independently of each other and exclusively in the common interest of unit holders in the Fund. It is the responsibility of the SEB Unit providing Depositary services to carry out its controls at arm's length distance from the Investment Management Company, and to in all due respects, carry out its controls independently and in the best interest of the unit holders.
2. Within the Investment Management Company and Bank providing Depositary services, written instructions are adopted, which govern and ensure that:
  - a) the activities in the Investment Management Company and the Depositary operations in the Bank Group are organised with appropriate information barriers, clear and explicit reporting lines for the maintenance of confidentiality, and a clear allocation of responsibility,
  - b) the Depositary acts independently of the Investment Management Company in the efficient supervision of the assets under the control of the latter,
  - c) services within the Investment Management Company and the Depositary are provided on customary market conditions,
  - d) employees of the Investment Management Company are not employed by the Bank for the Depositary services provision,
  - e) the Bank has functionally and hierarchically separated its other duties and responsibilities from those of the Depositary.

## Appendix 3

These specific requirements are applicable in case the respective service is provided by any Bank's Group entity.

Identification of services, activities and situations where Conflicts of Interest at an institutional level arise or may arise

### 1. Investment Research

Investment Research provides clients with information to enable them to take informed investment decisions. The interests of each client to make profitable investments are distinct from, and could in theory, be improperly affected by:

- a) the SEB Group's corporate clients seeking to issue securities at the best possible price,
- b) the SEB Group's proprietary traders, who seek to manage the SEB Group's holdings to its best advantage,
- c) the SEB Group's Portfolio Management and Fund Management operations, which seek to maintain the best possible performance of the assets under their control,
- d) the SEB Group and its affiliates as issuers/providers of financial instruments,
- e) improper timing of distribution; for example, a person who receives a research report ahead of others has the opportunity to act prior to the information in the report potentially affecting the price of any relevant security concerned.

Specific measures for management of Conflicts of Interest related to Investment Research are described further in Appendix 2.

### 2. Investment Advisory Activities

The purpose of Investment Advisory Activities (including, in this context, Corporate Finance Operations) is to provide appropriate advice that fits individual clients' specific circumstances. This interest is entirely distinct from and could in theory be improperly affected by:

- a) any of the SEB Group's other clients with an interest in the matter under consideration,
- b) the SEB Group's interests in managing its own proprietary positions,
- c) the desire of the SEB Group's investing clients, or its Portfolio Management and Fund Management operations, to deal in financial instruments on the best possible terms,
- d) the interests of the SEB Group and its affiliates as issuers/providers of financial instruments, insurance products and other financial products and services,
- e) remuneration structures for Employees.

### 3. Portfolio Management and Fund Management

Portfolio and Fund Management activities aim to maximise the return from portfolios within their stated investment criteria. Decisions taken by portfolio and fund managers must be distinct from and could in theory be improperly affected by:

- a) the SEB Group's corporate clients seeking to issue or acquire securities at the best possible price, or to achieve other strategic goals,
- b) the SEB Group's interests in managing its proprietary positions,
- c) the SEB Group's and its affiliates' interests as issuers/providers of financial instruments, and
- d) an Employee/portfolio manager possesses inside information about financial position of the client or other inside information, that may impact the price of the financial instrument within the portfolio.

### 4. Proprietary Trading

The SEB Group's Proprietary Trading teams seek to maximise the return from the positions they take. This interest is distinct from the interests of the SEB Group's clients, and Conflicts of Interest can in theory arise between these activities and:

- a) the interests of clients that enter into transactions with the SEB Group in the course of their investment activities,
- b) the SEB Group's activities in the areas of Investment Research, Investment Advice and Portfolio Management and Fund Management.

## 5. Client Trading

When arranging transactions with and/or for clients, the SEB Group will obtain information relating to their affairs. Such information could theoretically be misused (and thus raise potential Conflict of Interest issues) in relation to:

- a) the interests of other clients of the SEB Group, whether engaging in trading in the same securities or seeking other services,
- b) the SEB Group's activities for its own account, particularly in the area of Proprietary Trading,
- c) the interests of Employees in Personal Account Dealings.
- d) Employee taking part in private transactions with the client.

## 6. Risk management functions and other administrative functions

The SEB Group's internal risk management and other administrative functions act to protect the SEB Group's interests as a lender to its clients, an investor in securities, and a taker of financial risk generally. Such functions include the analysis and management of credit and market risk.

In fulfilling such functions, the Employees concerned will obtain confidential information relating to clients, positions of the SEB Group, and proposed actions of the SEB Group relating thereto. Such information could theoretically be misused (and thus raises potential Conflict of Interest issues) in relation to:

- a) the interests of other clients of the SEB Group, whether investors or competitors of the client in question,
- b) the SEB Group's issuance of research and provision of advice,
- c) the SEB Group's activities for its own account, particularly in the area of Proprietary Trading,
- d) the interests of Employees in undertaking Personal Account Dealings.

Moreover, the Employees concerned will give instructions or take such actions as they deem necessary to protect the interests of the SEB Group, notwithstanding that such instructions or actions may conflict with the interests of its clients.

## 7. Custodian Operations

When providing custodian services to clients, SEB Group will receive information relating to their holdings. Such information could theoretically be misused (and thus raise potential Conflict of Interest) in relation to:

- a) the SEB Group's activities for its own account, particularly in the area of Proprietary Trading,
- b) the interests of Employees in Personal Account Dealing.
- c) The Bank's units which provide services for custody, etc. of clients' securities, are required to ensure that each client's interests are safeguarded independently of other clients' interests or the interests of other parts of the Bank.
- d) Depository operations are subject to instructions governing the manner in which their responsibilities as a control function shall be carried out.

## 8. Credits and Finance

The Bank's Group credit and financing operations include financing, the management of credit risks and the handling of pledges etc. in relation to clients, which could give rise to a potential Conflict of Interest in relation to other activities carried out by the Bank Group or in relation to other clients.

For example, a potential Conflict of Interest may arise in circumstances where the Bank Group has granted credit to a client in financial distress, and the client also seeks assistance from Bank to raise money from their shareholders or the public, e.g. through issuance of new financial instruments.

## 9. Insurance distribution

When a relevant entity in the Bank Group is carrying out Insurance distribution activities, potential Conflicts of Interest may arise in relation to advice that is intended to fit the individual client's specific circumstances. The client's best interest could potentially be wrongly affected by:

- a) the design and content of advisory offerings, assessment of suitability and associated processes,
- b) any models for third party payments (inducements) concerning insurance products or financial instruments and remuneration structures for Employees,

- c) the interests of the SEB Group and its affiliates as issuers/providers of financial instruments, insurance products and other financial products and services, and/or
- d) any of the SEB Group's other clients with an interest in the matter under consideration.

In case where Bank Group provides services both as an Insurance undertaking and as a tied Insurance intermediary also exposes the group to possible Conflicts of Interest. This risk is potentially further affected by outsourcing agreements between Insurance undertakings and other companies within the SEB Group.

## 10. Conflicts between Investment Management Company and the Depositary

Where an SEB group company simultaneously acts as the depositary for any fund managed by the Investment Management Company, on one hand, as well as performs any of the functions of the management company transferred to it through outsourcing, the fulfilment of the function of the depositary must be separated from the fulfilment of the management company duties transferred to it through employing required administrative, technical, legal and organisational measures and systems in order to ensure the proper and purposeful operation and mutual independence of the structural units performing the previously mentioned functions. Such measures and systems include, but are not limited to:

- a) The depositary function is physically separated, with no access to the premises of the depositary for representatives of the Investment Management Company;
- b) The depositary function maintains its own technical systems which are not dependent of the systems of the Investment Management Company;
- c) The depositary function is organised with appropriate information barriers, clear and explicit reporting channels for the maintenance of confidentiality, and a clear allocation of responsibility;
- d) Remuneration models maintained by the depositary function and the Investment Management Company are independent of each other's results and profitability;
- e) The depositary function has its own set of internal rules that governs its activities, which is not subject to the review by or approval of the Investment Management Company;
- f) The services of the depositary are provided on customary market conditions.

The depositary function has its own independent process for escalation of matters connected to its role as depositary. The depositary function has clear and explicit reporting channels independent of the Investment Management Company. The measures established within SEB Group should eliminate such situations. The organizational structures of companies should ensure that the supervisory and operational functions of all companies are independent. The Investment Management Company has in place a procedure on decision making process for choosing and appointing depositary, which is based on objective criteria. The Bank as a Depositary shall act independently and in the interest of the Pension Plans. The Depositary ensures the controls, verification of the processes and appropriate reconciliation procedure, which is implemented, applied and frequently reviewed. The Depositary has established a clear and comprehensive escalation procedure to manage situations where potential discrepancies may be detected in course of its oversight duties. The details of such possible discrepancies if detected should be available to supervisory authority. Specific measures for management of Conflicts of Interest related Investment Management and Depositary services are described in Appendix 2.

## 11. Corporate Finance

When arranging transactions with and/or for clients, the Bank Group will obtain information relating to their affairs. Such information could theoretically be misused (and thus raise potential Conflict of Interest issues) in relation to:

- a) the interests of other clients of the SEB Group, whether investors or competitors of the client in question,
- b) the SEB Group's issuance of research and provision of advice,
- c) the SEB Group's activities for its own account, particularly in the area of Proprietary Trading,
- d) the interests of Employees in Personal Account Dealings.

Where the Bank Group arranges a transaction for a client of its Corporate Finance business, Employees involved will seek to act in the best interests of their client, notwithstanding that this may conflict with the interests of either other clients of the Bank Group or the Bank itself.

## Appendix 4 Identification of situations where Conflicts of Interest may arise at Employee level

### a) Personal Account Dealings

Employees may engage in Personal Account Dealings and their interests in doing so may conflict with (or may take inappropriate advantage of) the interests of either the SEB Group itself or those of its clients. Detailed description on activities which Employees must take is provided in the Instruction on Personal Account Dealing.

### b) External Assignments/previous employment

Employees'/Board Members' or Employees'/Board Members' Closest Family Members' present and past Assignments outside SEB /external employment and previous employment (within the recent past five years) may be in conflict with the interests of either the SEB Group itself or those of its clients.

### c) Other Conflicts of Interest related to Employees

- i) Employees'/Board Members' or Employees'/Board Members' Closest Family Members' past (within the recent past five years or longer if it still has impact on Employees'/Board Members' behaviour) and present personal economic interests (e.g. shares, other ownership rights and memberships, financial holdings and other economic interests in commercial customers, intellectual property rights, loans granted by the SEB Group to a company owned by Employee/Board Member, membership in a body or ownership of a body or entity with conflicting interests) could give rise to actual or potential Conflict of Interest in relation to interest of either the SEB Group itself or those of its clients. Employees' and Board Members' engagements with the SEB Group (such as shareholding in an entity within SEB Group, private accounts, loans or other services provided by an entity within the SEB Group) should not be considered as leading to a Conflict of Interest as long as those engagements are in line with what can be reasonably seen as customary relationship with the relevant SEB entity.
- ii) Employees'/Board Members' or Employees'/Board Members' Closest Family Member's past (within the recent past five years or longer if it still has impact on Employees'/Board Members' behaviour) or present personal or professional relationships with the owners of Qualifying Holdings in undertakings within the SEB Group could give rise to actual or potential Conflict of Interest in relation to interest of either the SEB Group itself or those of its clients.
- iii) Employees'/Board Members' or Employees'/Board Members' Closest Family Member's past (within the recent past five years or longer if it still has impact on Employees'/Board Members' behaviour) or present personal or professional relationships with other Employees'/Board Members within the undertakings of the SEB Group, could give rise to actual or potential Conflict of Interest in relation to interest of either the SEB Group itself or those of its clients.
- iv) Employees'/Board Members' or Employees'/Board Members' Closest Family Member past (within the recent past five years or longer if it still has impact on Employees'/Board Members' behaviour) or present personal or professional relationships with external stakeholders (e.g. association with material suppliers, consultants or other service providers) could give rise to actual or potential Conflict of Interest in relation to interest of either the SEB Group itself or those of its clients.
- v) sales of Bank's or Bank's Group's property to an Employee or a Board Member could give rise to actual or potential Conflict of Interest in relation to interest of the Bank or Bank Group entity itself or those of their clients. Therefore, any time such sales transaction occurs, it must be assessed whether possible Conflict of Interest arises or not.
- vi) The Employee, as a client of the Bank and / or the Bank Group's company, carries out personal financial transactions using the client service offered by the Bank and / or the Bank Group - remote services via the Internet bank or using the Mobile Banking application. In case if the Employee chooses to carry out financial transactions as a client of the Bank and / or the Bank Group, Employee must be served by another Employee in accordance with the job description of the respective Employee, in the course of performing his daily duties and observing all terms and conditions related to client service.