

Derived from: "Instruction for handling of Conflicts of Interest in the SEB Group"

Owner: Compliance

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CONFLICTS OF INTEREST

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1. Terms

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

Bank	AS „SEB banka”
SEB Group	Skandinaviska Enskilda Banken AB (publ), its subsidiaries and other related companies.
Bank Group	AS „SEB banka”, its subsidiaries and other related companies which are organized and existing under the laws of the Republic of Latvia, and SEB Life and Pension Holding AB Riga branch and Skandinaviska Enskilda Banken AB Riga Branch
Policy	this Policy “Conflicts of Interest”
Conflict of Interest	<p>a situation in which different parties have interests that conflict with each other. Such conflicts may arise between different functions, departments and/or companies of the Bank, other SEB Group companies, Employees, units, departments (including the Bank’s managers, Employees and tied agents, or any person directly or indirectly linked to them by control) and their clients, or between one client and another.</p> <p>Areas in which the Bank faces the theoretical risk of a Conflict of Interest arising include cases where the Bank itself, an Employee, manager, or third party under the control of the SEB Group:</p> <ol style="list-style-type: none">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 Bank 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, or5. 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.
Client Trading	arranging transactions in financial instruments with and for clients.
Corporate Finance Operations	operations consisting of the 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 reorganizations, especially as regards listed companies, as well as the brokering of contacts between buyers and sellers of financial instruments.

Depository an institution, pursuant to Art. 2.1 (a) of the UCITS Directive (2009/65/EC) or pursuant to Art. 21 of the Alternative Investment Fund Manager Directive (AIFMD) (2011/61/EU).

Employee all employees within the Bank and anyone else who represents companies within the Bank, including their respective directors, independent contractors and consultants.

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.

Investment Advisory Activity the provision of personal recommendations to a client, either upon its request or at the initiative of the Bank, 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.

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

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

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.

2. Introduction

- 2.1. The Bank, as a party of SEB Group, acts in accordance with SEB Group mission and vision. The Bank follows SEB Group governance and decision making principles, as far as they are in line with laws of the Republic of Latvia, articles of association of the Bank and Bank's regulatory documents.
- 2.2. This document is executed by 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;
- 2.3. The Bank ensures, as far as possible, that regulatory rules of the Bank companies are adopted using the principles described in before paragraphs.
- 2.4. This Policy specifies the procedures to be followed by the Bank for the identification of 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 of the Bank clients.
- 2.5. This Policy also specifies 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 one does arise, from adversely affecting the interests of the clients.

3. Responsibilities

- 3.1. Compliance is responsible for:
 - 3.1.1. maintenance of this Policy;
 - 3.1.2. research and counseling on conflict of interest issues.

4. Provisions on Conflicts of Interest in external and internal rules

- 4.1. In applicable laws covering financial institutions there are confidentiality provisions which entail that information concerning clients may be used or disclosed to any third party within or outside the Bank where such disclosure is authorized. These requirements are reflected in the confidentiality provisions contained in the Bank's internal rules including Confidentiality and Data Protection Instruction which applies to all Employees.
- 4.2. The Code of Conduct for the Bank sets out the principles which express the Bank's fundamental core values and which must be complied with in all Employees' day-to-day work. In accordance with what is stated therein, it is the responsibility of each Employee to adhere to the Code of Conduct and for asking their manager and when relevant Compliance in case of doubt on how to act.
- 4.3. The Instruction on Organization of the Activities of the Bank dictates the manner in which operational decisions are taken in Business Areas, Units, Branches and Departments. The provisions in that instruction concerning the allocation of responsibility are intended, among other things, to protect against risks inherent in potential Conflicts of Interest.

- 4.4. The Bank has adopted instruction concerning Personal Account Dealing for certain Employees which, among other things, require the Employee (depending on his/her role) to obtain permission prior to dealing in financial instruments and to report transactions undertaken. These instructions also prohibit short-term trading.
- 4.5. Instruction on Gifts and Business Entertainment applies and develops the principles and requirements relating to the giving and receipt of Gifts and Business Entertainment and sets the standards of behavior to be maintained by Employees.
- 4.6. Instruction on Property Sales to SEB employees dictates principles which must be observed regarding the sales of property overtaken by Bank from its clients.
- 4.7. Employees' external assignments may be in conflict with the interests of either the Bank itself or those of its clients. Instructions on Code of conduct and Conflict of Interest dictates principles which must be followed when Employee takes external assignments.

5. Identification of Conflicts of Interest

Services, activities and situations in which there is the potential for Conflicts of Interest to arise include the following:

5.1. Investment Research

- 5.1.1. Investment Research provides investing clients with information to enable them to take informed investment decisions. The interests of each investing client to make profitable investments are distinct from, and could in theory, be improperly affected by:
 1. the Bank's corporate clients seeking to issue securities at the best possible price;
 2. the Bank's proprietary traders, who seek to manage the Bank's holdings to its best advantage;
 3. the Bank's Portfolio Management and Fund Management operations, which seek to maintain the best possible performance of the assets under their control,
 4. the Bank and its affiliates as issuers/providers of financial instruments,
 5. an improper timing of distribution, for example, a person who receives a report ahead of others has the opportunity to act prior to the information in the report may affect the price of the relevant security.

5.2. Investment Advice

- 5.2.1. The purpose of Investment Advisory Activities (including Corporate Finance Operations) is to provide appropriate advice that fits the individual client's specific circumstances. This interest is entirely distinct from, and could in theory be improperly affected by:
 1. any of the Bank's other clients with an interest in the matter under consideration,
 2. the Bank's interests in managing its own proprietary positions;
 3. the desire of the Bank's investing clients, or its Portfolio Management and Fund Managements operations, to deal in financial instruments on the best possible terms;

4. the interests of the Bank and its affiliates to issuers/providers of financial instruments,
5. remuneration structures for Employees.

5.3. Portfolio Management and Fund Management

5.3.1. 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:

1. the Bank's corporate clients seeking to issue or acquire securities at the best possible price, or to achieve other strategic goals,
2. the Bank's interests in managing its proprietary positions,
3. the Bank's and its affiliates' interests as issuers/providers of financial instruments,
4. improper timing or allocation considerations, since the manner in which transactions are executed or allocated can be used to give an unfair advantage to certain Funds or clients at the expense of others.

5.4. Proprietary Trading

5.4.1. The Bank's Proprietary Trading seeks to maximise the return from the positions which it takes. This interest is distinct from the interests of the Bank's clients, and Conflicts of Interest can in theory arise between these activities and:

1. the interests of clients that enter into transactions with the Bank in the course of their investment activities,
2. the Bank's activities in the areas of Investment Research, Investment Advice and Portfolio Management and Fund Management.

5.5. Personal Account Dealings

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

5.6. Client Trading

5.6.1. When arranging transactions with and/or for clients, the Bank obtains information relating to their affairs. Such information could in theory be misused (and thus raises potential Conflict of Interest issues) in relation to:

1. the interests of other clients of the Bank, whether engaging in trading in the same securities or seeking other services,
2. the Bank's activities for its own account, particularly in the area of Proprietary Trading,
3. the interests of Employees in Personal Account Dealings.

5.7. Corporate Finance

- 5.7.1. When arranging transactions with and/or for clients, the Bank will obtain information relating to their affairs. Such information could theoretically be misused (and thus raises potential Conflict of Interest issues) in relation to:
1. The interests of other clients of the Bank, whether investors or competitors of the client in question,
 2. The Bank's issuance of research and provision of advice,
 3. the Bank's activities for its own account, particularly in the area of Proprietary trading,
 4. the interests of Employees in undertaking Personal account dealings.
- 5.7.2. Where Bank 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 client of the Bank or Bank itself.

5.8. Risk management functions

- 5.8.1. The Bank's internal risk management and other administrative functions act to protect the Bank'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 risks and market risk.
- 5.8.2. In fulfilling such functions, the Employees concerned will obtain confidential information relating to clients, positions of the Bank, and proposed actions of the Bank relating thereto. Such information could in theory be misused (and thus raises potential Conflict of Interest issues) in relation to:
1. the interests of other clients of the Bank, whether investors or competitors of the client in question,
 2. the Bank's issuance of research and provision of advice,
 3. the Bank's activities for its own account, particularly in the area of Proprietary Trading,
 4. the interests of Employees in undertaking Personal Account Dealings.
- 5.8.3. Moreover, the Employees concerned will give instructions or take such actions as they deem necessary to protect the interests of the Bank, notwithstanding that such instructions or actions may conflict with the interests of its clients.

5.9. Custodian Operations

- 5.9.1. The Bank's Units which provide services for custody, etc. of clients' securities, internal instructions 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. In this context, information concerning a client's holdings and settlement transactions (which could potentially benefit the recipient) may not be disclosed to another Unit or Business Area in the Bank without the client's consent.
- 5.9.2. In its capacity as Depository, the Bank, in its custodianship of a Fund's assets, keeps such operations separate from the Bank's own Fund Management, and its operations which involve providing credits or other services to the Fund concerned.
- 5.9.3. Depository operations are subject to instructions governing the manner in which their responsibilities as a control function shall be carried out.

5.10. Credits and Finance

- 5.10.1. The Bank's credits and finance operations include financing, the management of credit risks and the handling of pledges etc. for clients, which could give rise to a potential Conflict of Interest in relation to other activities carried out by the Bank or in relation to other clients.
- 5.10.2. For example, a potential Conflict of Interest may arise in circumstances where the Bank has granted credits to a client in financial distress, and the client also seeks assistance from the Bank to raise money from their shareholders or the public e.g. through issuance of new financial instruments.

5.11. External assignments

- 5.11.1. Employees' external assignments may be in conflict with the interests of either the SEB Group itself or those of its clients.

6. Management of potential Conflicts of Interest

- 6.1. 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 Bank's other clients, other activities, or Employees etc.
- 6.2. Bank tries to achieve such independence by dividing its operations in units, branches, and departments whose segregation of duties is the basic principle of operations for ensuring of client's interests.
- 6.3. The Head of Bank's Business Area, Department, Branch or Unit within or between which Conflicts of Interest could potentially arise shall implement relevant procedures and arrangements to ensure that:
 - 6.3.1. Employees do not handle matters on behalf of the Bank where he/she or a closely-associated person or company may have an interest which conflicts with the interests of the Bank Group or its clients.
 - 6.3.2. 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 (www.ibanka.lv and / or the telephone Internet browser m.ibanka.lv), 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.
 - 6.3.3. Employees must seek prior approval from their immediate supervising manager and additionally the next superior for external assignments outside their employment with the SEB Group. (Such assignments include for example serving on a board of directors). Employees in one Business Area, Unit, Branch or Department may not exchange information with those of another Business Area, Unit, Branch or Department where the exchange of that information could harm the interests of one or more clients,
 - 6.3.4. there is separate supervision of Employees carrying out services or activities on behalf of clients whose interests may conflict with for example, those of the SEB Group,
 - 6.3.5. there is 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,

- 6.3.6. Employees within one Business Area, Department, Branch or Unit cannot exercise inappropriate influence over the way in which Employees in another Business Area, Department, Branch or Unit carry out their activities,
 - 6.3.7. Employees in one Business Area, Department, Branch or Unit shall not unnecessarily be simultaneously or sequentially involved in separate investment or ancillary services or activities where such involvement could impair the proper management of Conflicts of Interest,
 - 6.3.8. any other appropriate measures are taken in order to manage potential Conflicts of Interest.
- 6.4. When it is unavoidable for an Employee to be involved in different investment or ancillary services or activities, the dual involvement shall be controlled by internal instructions ensuring the proper management of any resultant potential Conflicts of Interest.

7. Conflicts of interest between Bank and its Employees

- 7.1. In order to avoid conflicts of interest between Bank and Employees, the Employee during performance of his/her work duties may not take part in the decision-making process or perform activities in its own name or in the name of any other third person (including person related to the Employee) if such action may adversely influence the interests of Bank or clients;
- 7.2. Members of the Supervisory Council or Board of Directors shall avoid creation of a Conflict of Interest in their duties and avoid from making decisions about transactions in which this member faces or might face a Conflict of Interest. Members of the Supervisory Council or Board of Directors of Bank shall report to the Supervisory Council about transactions in which this member may directly or indirectly face a Conflict of Interest.

8. Conflicts of Interest between different Divisions and SEB Group companies

- 8.1. In the event that a Conflict of Interest arises between two or more companies or Divisions in 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 to ensure that the Conflict of Interest does not materially and/or adversely affect the interests of their respective clients. Business Areas, Units, Branches and Departments should do likewise in relation to potential Conflicts of Interest that arise between them.
- 8.2. The Bank provides both Fund Management services and Depositary services with the result that potential Conflict of Interest can exist between them. The services provided by the Fund Management company and the Depositary services 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 unit providing Depositary services to carry out its controls at arm's length distance from the Fund Management Company, and that it in all due respects carry out its controls independently in the best interest of the unit holders.
- 8.3. Within the Divisions that engage in Fund Management or provide Depositary services, written instructions shall be adopted, which govern and ensure that:
 - 1. the Fund Management and the Depositary operations are organised with appropriate information barriers, clear and explicit reporting lines

- for the maintenance of confidentiality, and a clear allocation of responsibility,
2. the Depositary can act independently of the Fund Management company in the efficient supervision of the assets under the control of the latter,
 3. services within the Fund Management company and the Depositary are provided on customary market conditions.

9. Record keeping and reporting of services and activities giving rise to detrimental Conflicts of Interest

- 9.1. Each Business Area, Department, Branch or Unit shall ensure that:
1. it takes an active part and assumes full ownership of identifying its actual or potential Conflicts of Interest,
 2. in the event that it identifies an actual or potential Conflict of Interest 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 Bank Group (as opposed to those generic potential Conflicts of Interest attributable to the Bank structure and the nature of its activities, as identified under section 5 above), such actual or potential conflict is documented by Business Area, Branch or Unit and reported to the Compliance department;
 3. a record is kept of all such reports submitted,
 4. the Head of Compliance has responsibility for ensuring that the Bank 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:
 5. Compliance reports in written to the Banks senior management, frequently or at least annually, any detrimental Conflicts of Interest which entails a risk of damage to the interests of one or more clients,

10. Inducements

- 10.1. When the Bank gives or receives an Inducement (payment or some other benefit from third party in relation to a service provided to a client), this may give rise to a Conflict of Interest.
- 10.2. When a payment or benefit is made directly to or by a client or someone acting on behalf of a client, this is generally permitted if in compliance with applicable regulation, with the exception of payment or benefits that are, or could be perceived as, bribery.
- 10.3. The more specific requirements on inducements which are set out in the Instruction for the giving and receiving of Inducements.

11. Disclosure of Conflicts of Interest

- 11.1. Where the relevant Business Area, Department, Branch or Unit of the Bank is not reasonably confident that a Conflict of Interest can be mitigated and the measures adopted under this Policy will prevent the risk of material damage to its client(s), the general nature or source of the Conflict of Interest shall be disclosed, in a durable medium, to the client(s) concerned. Such disclosure is a last resort and should only be adopted in specific cases where the measures otherwise put in place are deemed to be inadequate to prevent the risk of material damage to the client(s) affected.

- 11.2. In such cases, the Bank 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 giving sufficient information to enable the client to take an informed decision on whether or not to proceed with the proposed business.
- 11.3. Where an Employee becomes aware of circumstances which she/he believes could constitute a Conflict of Interest likely to have a material impact on the interests of a client of the Bank, she/he shall report the matter to his immediate superior or to the Compliance Department.