



**Instruction  
for  
handling of Conflicts of Interest  
in SEB Investment Management AB**

adopted by the Board of Directors of SEB Investment Management AB  
on 8 December 2023

**Compliance**

# Conflicts of Interest

## 1. Introduction

- 1.1** 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.
- 1.2** SEB Investment Management AB (the "Fund Management Company") is a fund management company within the SEB Group. The Fund Management Company has identified a number of circumstances which may give rise to a Conflict of Interest.
- 1.3** This instruction specifies the procedures to be followed by the Fund Management Company for the identification of circumstances which constitute or may give rise to a Conflict of Interest.
- 1.4** This instruction 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 Fund Management Company's clients.
- 1.5** This instruction shall apply to all Employees and Board Members (to the extent relevant) and shall be implemented in all parts of the Fund Management Company, taking into account applicable local rules, and shall be applicable to all types of clients.
- 1.6** This instruction shall be revised when necessary or at least annually by the Board of Directors.

## 2. Definitions

- 2.1** In this instruction, the following terms shall have the meaning ascribed to them below.

**Board Member** member of the board (in its supervisory function) of the Fund Management Company and certain Funds Structured under statute (e.g. investment company).

**Client** clients which the Fund Management Company has a discretionary portfolio management or advisory agreement with, and/or unit holders (including potential unit holders (investors)) in Funds managed by the Fund Management Company. A Client could also be another company for whom the Fund Management Company provides services.

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<b>Client Trading</b>	arranging transactions in financial instruments for clients.
<b>Closest Family Members</b>	spouse, cohabiter, registered partner, child, step-child, and any other relative who has been sharing the same household with an Employee or Board Member.
<b>Conflict of Interest</b>	<p>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/a Board Member (including its Closest Family Members or closely-associated company) and the SEB Group.</p> <p>Areas in which the Fund Management Company faces the theoretical risk of a Conflict of Interest arising include cases where the Fund Management Company itself, an Employee or third party under the control of the SEB Group:</p> <ol style="list-style-type: none"><li>1. is likely to make a financial gain, or avoid a financial loss, at the expense of a client,</li><li>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,</li><li>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),</li><li>4. has a financial or other incentive to favour the interests of one client or group of clients over the interest of another client, or</li><li>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.</li></ol>
<b>Depository</b>	an institution, pursuant to Art. 2.1 (a) of the UCITS Directive (2009/65/EC) or pursuant to Art. 21 of

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the Alternative Investment Fund Manager Directive (AIFMD) (2011/61/EU).

<b>Employee</b>	all employees within the SEB Group (and, for the avoidance of doubt, Senior Management) and anyone else who represents companies within the SEB Group, including independent contractors and consultants.
<b>External assignments</b>	an Employees' commitment to external activities, such as taking employment outside the Fund Management Company (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.
<b>Fund</b>	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).
<b>Fund Management</b>	the investment management of a Fund as well as administrative measures associated therewith.
<b>Investment Advisory Activity</b>	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.
<b>Personal Account Dealing</b>	transactions undertaken by or on behalf of Employees for their own account.
<b>Portfolio Management</b>	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.
<b>Qualifying Holding</b>	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.

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### 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 financial 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 Fund Management Company where such disclosure is authorised. These requirements are reflected in the confidentiality provisions contained in the SEB Group's internal rules and in the confidentiality undertaking which applies to all Employees and Board Members.
- 3.2** The Code of Conduct for the SEB Group sets out the principles which express the Fund Management Company'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 Fund Management Company 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 on Internal Governance for the SEB Group dictates the manner in which operational decisions are taken in SEB's Divisions, Business Areas and Business 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.

### 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), each 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 record-kept. 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, record-kept and communicated in accordance with Section 5 in this Instruction.
- 4.2** In order to identify, assess, manage, mitigate and prevent actual or potential individual and collective Conflicts of Interest within the Senior Management (including Closest Family Members to each Senior Manager), the Chief Executive Officer shall ensure that the relevant procedures and arrangements addressing items listed in Appendix 1 (as

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applicable for Senior Management), are implemented. These procedures and arrangements shall be appropriately documented, periodically reviewed, updated and record-kept. 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, record-kept and communicated in accordance with Section 5 in this Instruction.

- 4.3** In order to identify, assess, manage, mitigate and prevent actual or potential Conflicts of Interest,
- a) the CEO of the Fund Management Company,
  - b) the Head of respective Support function,
  - c) the Head of Staff Function,
  - d) the Head of respective Control Function,
  - e) the Head of each Business Area, and
  - f) the Head of each Business Unit,

shall ensure that the relevant procedures and arrangements addressing at least items listed in Appendix 1, are implemented. These procedures and arrangements shall also cater for appropriate identification of Conflicts of Interest related to sustainability risks. These procedures and arrangements shall be documented, periodically reviewed, updated and record-kept. 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)-(f) 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 Instruction.

### 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 Fund Management Company shall always act in the best interest of the clients and Funds. The main measure to prevent Conflicts of Interest from adversely affecting client or a Fund is to ensure that actions taken in respect of the client or Fund are based solely on that particular client's or Fund's best interests, and that the actions are taken independently of any other interest of the Fund Management Company 's other clients or Funds, other activities, Employees or Board Members, etc.

### Specific preventive procedures

- 4.6** On an organizational level, measures to prevent Conflicts of Interest include i.a. appropriate segregation of activities and establishment of information barriers. Also,

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when organizing and re-organising its activities, the Fund Management Company'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 Conflicts of Interests to arise between Depository and Fund Management activities. These measures are set out in Appendix 2.
- 4.8** The Fund Management Company has adopted instructions concerning Personal Account Dealing for all Employees which, among other things, requires the Employee to obtain manager's approval 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** The Fund Management Company 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 the Fund Management Company or another party to act in a manner that puts its own interests (or those of a third party) above the interests of the client.
- 4.10** The Fund Management Company or the Employees could receive gifts and business entertainment that could influence the behavior in a way that conflicts with the interest of the clients/Funds or the Fund Management Company. The principles for giving and receiving and receiving gifts and business entertainment are set out in the *instruction for Gifts and Entertainment for the SEB Group* as well as the *Code of Conduct*. Both instructions are adopted by the Fund Management Company.
- 4.11** The Fund Management Company has adopted a *Remuneration Policy* and shall ensure that principles for remuneration to Employees, especially variable pay (short-term cash-based compensation), correspond to the interests of the Clients and do not give rise to a Conflict of Interest.
- 4.12** The Fund Management Company manages a large number of Funds and discretionary portfolios which could entail Conflicts of interest. Principles to handle Conflicts of Interests in the investment process are set out in the *Instruction for the Investment Process*.
- 4.13** The Fund Management Company 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.

### 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.

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### 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 to arise 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, each Chairman of that Board shall ensure that such Conflicts of Interest are documented and record-kept. In case the Conflicts of Interest has not been mitigated but instead the related risk has been accepted, it shall be communicated within the board of the Fund Management Company or Fund when applicable.

### Documentation and communication of Conflicts of Interest related to Senior Management

- 5.2** When, after assessment of Conflicts of Interest in accordance with Section 4, a Conflict of Interest related to a Senior Manager (including Senior Management collectively) or a Closest Family Member to a Senior Manager has been identified, the CEO shall ensure that such Conflicts of Interest are documented and record-kept. In case the Conflicts of Interest has not been mitigated but instead the related risk has been accepted, it shall be communicated within that Senior Management of the Fund Management Company.

### 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 to an Employee has been identified, the immediate manager, shall ensure that the decision taken in relation to that is documented and record-kept. In case the Conflicts of Interest has not been mitigated but instead the related risks have been accepted the immediate manager has to inform the CEO, Head of respective Support function and Head of respective Staff and Control functions about such risk.

The CEO shall ensure that the Board shall receive, 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 CEO of the Fund Management Company shall ensure that in the event that an actual or potential Conflict of Interest is identified which could detrimentally affect the interests of one of its clients or Funds to which it is providing investment or ancillary services or activities, where such conflict is attributable to *specific* activities or positions within the Fund Management Company (as opposed to those generic potential Conflicts of Interest attributable to the SEB Group's structure and the nature



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of its activities, as identified under section Appendix 3), such actual or potential conflict is documented by the Fund Management Company.

- 5.5 The CEO of the Fund Management Company, (or where appropriate Head of Staff and Control Functions) shall ensure that Board 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.
- 5.6 The CEO, (or where appropriate Head of Staff and Control Functions) shall ensure that a record is kept by each area of responsibility, of such reports submitted.

### *Monitoring*

- 5.7 The Head of Compliance is responsible for ensuring that the Fund Management Company monitors the effectiveness of the measures and procedures put in place pursuant to this instruction, and for ensuring that this instruction is reviewed at least annually and updated as and when necessary.

## 6. Disclosure of Conflicts of Interest

- 6.1 Where the CEO, Support function Head of Staff and Control functions, Business Area or Business Unit, of the Fund Management Company is not reasonably confident that Conflicts of Interest can be mitigated and the measures adopted under this instruction will prevent the risk of damage to the client(s), the CEO (or where appropriate Head of Business Area or Business Unit) 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 allowed by the AIFMD/UCITSD and 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 Fund Management Company 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.

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### 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 Divisions within the SEB Group, or a Conflict of Interest relating to a client affects two or more Divisions, the Divisions 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. Business Areas, Business Units, respective Support function and respective Staff and Control functions 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 Fund Management Company where either they or a Closest Family Member or closely-associated company may have an interest which conflicts with the interests of the Fund Management Company or its clients/Funds or where the Employee's or Board Member's objectivity or ability to fulfil duties to the Fund Management Company 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 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 Fund Management Company. 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.<sup>1</sup>
- f) Employees in the Fund Management Company may not exchange information with those of another Division, Business Area, Business Unit, respective Support function or respective Staff and Control functions where the exchange of that information may harm the interests of one or more clients or Funds.
- 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.

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<sup>1</sup> See further EBA Guidelines EBA/GL2017/11, on internal governance under Directive 2013/36/EU, Chapter 12, item 113 (e).

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- 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.

Employees within the Fund Management Company must not exercise inappropriate influence over the way in which Employees of another Division, Business Area, Business Unit, respective Support function or respective Staff and Control functions carry out their activities.

- i) Employees within the Fund Management Company 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.
- j) Whenever transactions with related parties are to be conducted, procedures set out in the SEB Group Transfer Pricing Policy and Instruction should be followed.
- k) Any other appropriate measures must be taken in order to manage actual or potential Conflicts of Interest.

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### Appendix 2

#### **Specific measures concerning Fund Management and Depository**

##### **Depository**

The services provided by the Fund Management Company and the Depository 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 Depository services to carry out its controls at arm's length distance from the Fund Management Company, and to in all due respects, carry out its controls independently and in the best interest of the unit holders.

Within the Divisions that engage in Fund Management or provide Depository services, written instructions shall be adopted, which govern and ensure that:

- a) the Fund Management and the Depository operations in the SEB 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 Depository can act independently of the Fund Management Company in the efficient supervision of the assets under the control of the latter,
- c) services within the Fund Management company and the Depository are provided on customary market conditions.

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### Appendix 3

#### **Identification of services, activities and situations where Conflicts of Interest may arise**

##### ***Investment Advice***

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

##### ***Fund Management***

###### *1. 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) improper timing or allocation considerations, since the manner in which transactions are executed or allocated could be used to give an unfair advantage to certain Funds or clients at the expense of others.

###### *1.1 Client Trading*

When arranging transactions with and/or for clients, the Fund Management Company 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 Fund Management Company, whether engaging in trading in the same securities or seeking other services,

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- b) the interests of Employees in Personal Account Dealings.
- c) Employee taking part in private transactions with the client.

### *1.2 Late trading and market timing*

All trading in fund units must occur at an unknown price to ensure that all Clients are treated equally and to eliminate the risk of late trading.

To ensure that all trading is at unknown price, subscriptions and redemptions of fund units shall strictly observe the cut-off time provided for each Fund. Exceptions can be done in special cases. Such special cases can be interruption in technical systems, interruptions in the operation or by a correction of mistaken instructions subject to that the subscription or redemption order was sent before the Fund's cut-off time. If trading occurs due to such an exception, established routines and standard principles shall be observed to ensure that trading in fund units occur at an unknown price and eliminate the risk of late trading.

To limit the opportunity for market timing (exploitation of time zone differences) the Fund Management Company shall ensure that the Funds are structured in a way that market timing is prevented.

### *1.3 Closing of funds*

A Fund shall be closed for subscription and redemption if the Fund's underlying instruments cannot be valued at market prices to ensure equal treatment of the unit holders. The routines for closing of Funds are set out in the *Instruction for suspension of NAV, delay payments and gating of redemptions & subscriptions for funds managed by SEB Investment Management AB*.

### *1.4 Investments in SEB labelled funds*

To prevent any Conflicts of Interest the Fund Management Company's trading in SEB labelled funds should be executed at the same conditions as for other Clients. When investing in SEB labelled funds the purpose shall be through cost effective long-term investments to get an exposure towards a certain market or a certain market segment. The same is applicable when trading within the fund-in-fund products managed by the Fund Management Company. Costs and fees in the underlying fund are handled in accordance with the *Instruction for costs charged to funds managed by SEB Investment Management AB*.

The Fund Management Company cannot invest in Funds managed by the Fund Management Company in discretionary portfolios without the Client's pre-approval.

### *1.5 Investments in external funds*

If retrocessions or discounts apply in connection with a Fund's trading in external funds, they should accrue to the Fund.

Funds investing in external funds shall give information regarding costs according to the Swedish Investment Funds Act (SFS 2004.46).

The Fund Management Company's receiving of retrocessions or discounts shall be monitored by Fund Accounting on an on-going basis.

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In respect of Finnish registered Fund of funds managed by the Fund Management Company acting through its Helsinki branch if retrocessions or discounts apply in connection with a Finnish registered Fund of funds trading in external funds, they are not accruing to the Finnish Fund of funds in accordance with the applicable Finnish regulation of Finnish Financial Supervisory Authority (FIN-FSA) and Finnish market practice.

### *1.6 Seeding*

A possible Conflict of Interest occurs when the Fund Management Company makes investments in its own funds.

The Fund Management Company may only make investments in its own funds for seeding purposes. The Fund Management Company shall have internal instructions and procedures governing when the Fund Managements Company may make investments and redemptions in its own funds.

The Fund Management Company shall also ensure that the investments do not expose the Fund Management Company to excessive risks taking applicable capital requirements regulations into consideration.

### *1.7 Shareholder/Voting*

A possible Conflict of Interest occurs when the Fund Management Company is acting as shareholder.

The Fund Management Company shall in the role as shareholder act exclusively in the common interests of the unit holders according to the Fund Management Company's *Owner policy (Sw. Ägarpolicy för SEB IM AB)* and *Voting policy (Sw. Instruktion för utövning av rösträtter)*. Other interests, such as those of the Fund Management Company or the SEB Group, must hence always yield in the event of any Conflicts of Interest. Examples of such possible Conflicts of Interest are if a member of the SEB Group's management is a board member in a company where the Fund Management Company is shareholder or if the company where the Fund Management Company is shareholder at the same time is a client of the SEB Group.

### ***Identification of Conflicts of Interest and management of potential Conflicts of Interests between the Fund Management Company and other legal entities***

#### *2 General*

The Fund Management Company has a number of counterparties, service providers and commercial partners. These can be both legal entities within the SEB Group (Internal) as well as parties outside the SEB Group (External) supplying among other things depository services, administrative services and broker/trading services. In general the Fund Management Company must choose both Internal and External counterparties, service providers and commercial partners who conduct their business on a strictly commercial basis and it should be possible to motivate the choice of both Internal as well as External counterparties, service providers and commercial partners. The CFO shall monitor that all costs paid from the Fund Management Company to a legal entity within the SEB Group are on market conditions. The CFO shall also monitor that the reverse situation is on market conditions, e.g. the Fund Management Company get paid for services to a legal entity within

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the SEB Group. The Head of Fund Accounting shall make the same monitoring with regard to the Funds.

Before entering into an agreement, circumstances that may give rise to a Conflict of Interest entailing a material risk of damage to the interests of the Funds of the Client shall be identified.

Specific measures for management of Conflicts of Interest related to Fund Management and Depository services are described further in Appendix 2.

### 2.1 Outsourcing

If the Fund Management Company outsources business to another legal entity within the SEB Group or an External party, the agreement and service level agreement(s) shall regulate the outsourced business taking into account the provisions in the Swedish Financial Supervisory Authority's regulations regarding outsourcing and the *Outsourcing Instruction for the SEB Group* as adopted by the Fund Management Company. The agreement and the service level agreement(s) shall specify the services that should be carried out by different entities and how to carry out the services. The service level agreements shall specify what kind of reporting the Fund Management Company shall receive. The quality of the services is evaluated quarterly by the process owner and reported to the CFO. The CFO reports the results to the Managing Director and to the Audit Committee.

If the Fund Management Company on behalf of a Fund enters into an agreement with a legal entity within the SEB Group, the Fund Management Company shall ensure that the agreement is entered into on market conditions and at market prices. The legal function shall always be part of drafting the agreement. The agreement shall be presented for the Board of Directors, who shall approve the agreement. The agreement is evaluated on an ongoing basis and shall be renegotiated if necessary. If a termination of the agreement is in the best common interest of the unit holders, the Fund Management Company shall immediately terminate the agreement and find another solution.

Employees within one business area or business unit in the Fund Management Company or in another legal entity in the SEB Group may not exercise inappropriate influence over the way in which Employees in another business area or business unit carry out their activities.

### 2.2 Investments in financial instruments issued /provided by the SEB Group

A potential Conflict of Interest arise when the SEB Group's and its affiliates issue/provide financial instruments and that the Fund Management Company could be improperly affected to invest in these products on behalf of the Funds or discretionary portfolios managed by the Fund Management Company.

In these cases as well as in similar transactions handled by an External party the Fund Management Company shall act as an independent entity and evaluate each transaction. A Fund/discretionary portfolio shall only make an investment if it is in the best interest of the Client(s). It is the responsibility of the portfolio manager for each Fund/discretionary portfolio to decide if the Fund/discretionary portfolio should invest in a financial instrument or a product. The overall reason to invest in a financial instrument or a product is the contribution to performance. The portfolio manager is among other things evaluated with regard to the performance in the managed Funds/discretionary portfolios on an on-going basis.



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### 2.3 Placing of orders

Generally, the Fund Management Company place orders in the Funds/discretionary portfolios with the Trading Desk, which choose their counterparties when executing the orders. The Fund Management Company does certain transactions directly with the ultimate counterparty. The Fund Management Company has adopted an *Instruction for execution, handling and transmission of orders and ensuring best possible result*. A Credit & Counterparty Committee shall approve and evaluate all counterparties including legal entities within the SEB Group according to the *Instruction for the Credit & Counterparty Committee*.

The Fund Management Company makes quarterly controls of the quality of the trading desk's execution of orders, which is reported to the Board of Directors of the Fund Management Company.

The handling of block-orders is set out in *Instruction for execution, handling and transmission of orders and ensuring best possible result*.

### 2.4 Soft commissions

The Fund Management Company is not using soft commissions, i.e. remuneration in the form of goods and services received by the Fund Management Company in conjunction with business transactions and which do not form part of the normal range of services offered by the trading partner.

Costs paid directly from a Fund/discretionary portfolio are transaction costs such as commission, settlement fees etc. It is important for the Clients that these costs are market competitive and the service paid for is of high quality. A potential Conflict of Interest is that other factors such as interests within the SEB Group should influence these costs. The Fund Management Company shall ensure that a Fund/discretionary portfolio only pay for services, which is to the benefit of the Clients. When choosing counterparties the choice shall be based on the best interest for the Clients.

### 2.5 Securities lending

If the Fund Management Company is lending a Fund's/discretionary portfolio's securities to a financial institution, which is the Funds depository or another associated company, there is a risk of potential Conflicts of Interest. The Fund Management Company shall ensure that lending a Fund's/discretionary portfolio's securities are on market conditions both with regard to the income as other conditions and that the lending is in the best interest of the Clients. Any income derived from securities lending must accrue to the Fund/discretionary portfolio.

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### 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 Fund Management Company itself or those of its clients/Funds.
- b) *External Assignments/previous employment*

Employees'/Board Members' or Employees'/Board Members' Closest Family Members' present and past external assignments/external employment and previous employment (within the recent past three years) may be in conflict with the interests of either the Fund Management Company itself or those of its clients/Funds.
- c) *Other Conflicts of Interest related to Employees*
  - i) Employees'/Board Members' or Employees'/Board Members' Closest Family Members' past (within the recent past three years or longer if it still has impact on Employees'/Board Members' behavior) 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 three years or longer if it still has impact on Employees'/Board Members' behavior) 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 three years or longer if it still has impact on Employees'/Board Members' behavior) 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 three years or longer if it still has impact on

## **Conflicts of Interest**

Employees'/Board Members' behavior) 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.