



**Instruction
for
handling of Conflicts of Interest
in the SEB Group**

derived from the Rules of Procedure for the Board of Directors

adopted by the Board of Directors of
Skandinaviska Enskilda Banken AB (publ)
on 17 December 2012

Conflicts of Interest

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 favour 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 monies, goods or services, other than the standard commission or fee for that service.

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 reorganisations, 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).

Employee

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

Fund

undertakings for collective investments, including but not limited to UCITS, 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.

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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.
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.
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 be used or disclosed to any third party within or outside the SEB Group only 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.
- 3.2** The Ethics Policy for the SEB Group sets out the principles which express the SEB Group's fundamental core values and which must be complied with in all Employees' day-to-day work.

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- 3.3 In accordance with the Rules of Procedure for the Board of Directors, a report must be presented to the Board of Directors at least once a year concerning directorships held by members of the SEB Group's senior management.
- 3.4 The Instruction for the Activities of 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 concerning the allocation of responsibility are intended, among other things, to protect against risks inherent in potential Conflicts of Interest.
- 3.5 The SEB Group has adopted instructions concerning Personal Account Dealing for certain Employees which, among other things, require the Employee (depending on his role) to obtain permission prior to dealing and to report transactions undertaken. Such instructions also prohibits short-term trading.

4. Identification of Conflicts of Interest

Practical activities in which there is the potential for Conflicts of Interest to arise include the following:

Investment Research

- 4.1 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 theoretically be improperly affected by:
 - 1. the SEB Group's corporate clients seeking to issue securities at the best possible price,
 - 2. the SEB Group's proprietary traders, who seek to manage the SEB Group's holdings to its best advantage,
 - 3. the SEB Group's Portfolio Management and Fund Management operations, which seek to maintain the best possible performance of the assets under their control,
 - 4. the SEB Group and its affiliates as issuers/providers of financial instruments,
 - 5. an improper timing consideration, since a person who receives a report ahead of others has the opportunity to act before it has affected the price of the relevant security.

Investment Advice

- 4.2 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 theoretically be improperly affected by:

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1. any of the SEB Group's other corporate clients with a strategic interest in the matter under consideration,
2. the SEB Group's interests in managing its own proprietary positions,
3. the desire of the SEB Group's investing clients, or its Portfolio Management and Fund Managements operations, to deal in financial instruments on the best possible terms,
4. the desire of the SEB Group and its affiliates to issue/provide financial instruments on the best possible terms.

Portfolio Management and Fund Management

4.3 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 theoretically be improperly affected by:

1. the SEB Group's corporate clients seeking to issue or acquire securities at the best possible price, or to achieve other strategic goals,
2. the SEB Group's interests in managing its proprietary positions,
3. the SEB Group'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.

Proprietary Trading

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

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

Personal Account Dealings

4.5 Employees may engage in Personal Account Dealings and their interests in so doing may conflict with (or take inappropriate advantage of) the interests of either the SEB Group itself or those of its clients.

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Client Trading

4.6 When arranging transactions with and for clients, the SEB Group obtains 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 SEB Group, whether engaging in trading in the same securities or seeking other services,
2. the SEB Group's activities for its own account, particularly in the area of Proprietary Trading,
3. the interests of Employees in Personal Account Dealings.

Corporate Finance

4.7 The SEB Group's Corporate Finance Operations involve advising their clients on high level strategy and financial matters generally, including giving advice on (and arranging) mergers, acquisitions, disposals, joint ventures, capital raisings and debt advice and financing in connection with public and private mergers and acquisitions. In the course of such activities, the SEB Group obtains information relating to its client who could theoretically be misused (and thus raises potential Conflict of Interest issues) in relation to:

1. the interests of other clients of the SEB Group, whether investors or competitors of the client in question,
2. the SEB Group's issuance of research and provision of advice,
3. the SEB Group's activities for its own account, particularly in the area of Proprietary Trading,
4. the interests of the Employees in Personal Account Dealings.

Where the SEB Group arranges a transaction for a client of its Corporate Finance Operations, 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 SEB Group or the SEB Group itself.

Risk management functions

4.8 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 risks 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:

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1. the interests of other clients of the SEB Group, whether investors or competitors of the client in question,
2. the SEB Group's issuance of research and provision of advice,
3. the SEB Group's activities for its own account, particularly in the area of Proprietary Trading,
4. the interests of Employees in undertaking Personal Account Dealings.

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

Custodian Operations

- 4.9** The SEB Group's Divisions which provide services for custody, etc. of clients' securities, 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 SEB Group. In this context, information concerning a client's holdings and settlement transactions (which could potentially benefit the recipient) may not be disclosed to another Division, Business Area or Business Unit in the SEB Group without the client's consent.

In its capacity as Depository, the SEB Group, in its custodianship of a Fund's assets, keeps such operations separate from the SEB Group's own Fund Management, and its operations which consist of providing credits or other services to the Fund concerned.

Depository operations are subject to instructions governing the manner in which their responsibilities as a control function shall be carried out.

Credits and Finance

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

In particular, a Potential Conflict of Interest may arise in circumstances where the SEB Group has granted credits to a client in financial distress, and the client is seeking assistance from SEB to raise money from its shareholders or the public e.g. through issuance of new financial instruments.

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5. Management of potential Conflicts of Interest

- 5.1** 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 its own interests, and are taken independently of the interests of any of the SEB Group's other clients, other activities, or Employees etc.
- 5.2** The Head of each SEB Group Division, Business Area or Business Unit within or between which Conflicts of Interest could potentially arise shall implement relevant procedures and arrangements to ensure that:
1. an Employee does not handle matters on behalf of the SEB Group where he or a closely-associated person or company may have an interest which conflicts with the interests of the SEB Group or its clients,
 2. an Employee does not engage in business operations on his own or any third party's behalf without the consent from his immediate superior in each individual case,
 3. an Employee, in respect of assignments outside his employment with the SEB Group (such as an assignment to serve on a board of directors), immediately obtains the approval from his immediate superior for such assignments,
 4. Employees in one Division, Business Area or Business Unit may not exchange information with those of another Division, Business Area or Business Unit where the exchange of that information could harm the interests of one or more clients,
 5. there is separate supervision of Employees carrying out services or activities on behalf of clients whose interests may conflict with e.g. those of the SEB Group,
 6. 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,
 7. Employees within one Division, Business Area or Business Unit cannot exercise inappropriate influence over the way in which Employees in another Division, Business Area or Business Unit carry out their activities,
 8. Employees in one Division, Business Area or Business Unit shall not unnecessarily be simultaneously or sequentially be involved in separate investment or ancillary services or activities where such involvement could impair the proper management of Conflicts of Interest,
 9. any other appropriate measures are taken in order to handle potential Conflicts of Interest.

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5.3 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 the resultant potential Conflicts of Interest.

6. Conflicts of Interest concerning financial analysts

6.1 The SEB Group has adopted specific rules designed to prevent the personal financial interests of research analysts from influencing their analysis and recommendations. These include the following measures:

1. financial 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 analyst's recommendation at the time (although permission may be given in special circumstances for transactions which do not so 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 the Investment Research,
4. Employees involved in the production of Investment Research may not promise issuers favourable research coverage,
5. where issuers 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 price,
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 report to or otherwise be under the control of the corporate finance or sales and trading units,
8. any material potential Conflict of Interest which exists between the SEB Group and the company or financial instruments covered in the report, and which is in the knowledge of the department producing the research, shall be disclosed in the report, including any recent involvement of the SEB Group in providing investment banking services, any relevant shareholdings of the SEB Group or the analyst producing the report, or involvement of Employees in the affairs of the company concerned.

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7. Conflicts of Interest between different Divisions

- 7.1** In the event that a Conflict of Interest arises between two or more Divisions in the SEB Group, or a Conflict of Interest in relation to a client affects two or more Divisions, the Divisions concerned shall take appropriate steps to ensure that the Conflict of Interest does not materially adversely affect the interests of their respective clients. Business Areas and Business Units should do likewise in relation to potential Conflicts of Interest that arise between them.
- 7.2** The SEB Group 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 SEB unit providing Depositary services to carry out its controls at arms lengths 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.

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

1. the Fund Management and the Depositary operations in the SEB Group are organised with appropriate information barriers, clear and explicit reporting channels 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.

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

- 8.1** Each Division (or where appropriate Business Area or Business Unit) shall ensure that:
1. in the event that it identifies an actual or potential Conflict of Interest which could materially 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 section 4 above), such actual or potential conflict is reported to the compliance department responsible for the Division, Business Area or Business Unit concerned,

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2. a record is kept of all such reports submitted,
3. a description of its procedures to identify and manage Conflict of Interest is set out in its procedures manual, and that the process description is subject to periodical review and updated, as appropriate, ,
4. the Head of Group Compliance has responsibility for ensuring that the SEB Group monitors the effectiveness of the measures and procedures put in place pursuant to this instruction, and for ensuring that this instruction is updated as and when necessary.

9. Inducements

- 9.1** When the SEB Group gives or receives a payment or some other benefit in relation to a service provided to a client, this can give rise to a Conflict of Interest, and this area thus constitutes a special situation.
- 9.2** 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, except for a payment or benefit that is, or could be perceived as, bribery.
- 9.3** “Proper fees” are payments which are permitted. A proper fee is a payment which enables or is necessary for the provision of a specific service and which by its nature cannot give rise to any conflict with the SEB Group’s duty to act honestly, fairly and professionally in accordance with the best interest of its clients. These include all fees necessary for the provision of order execution services which, by their nature, cannot give rise to conflicts with the best interests of the SEB Group’s clients. Proper fees may also include custody fees, settlement and exchange fees and legal fees.
- 9.4** Furthermore, payments to and from third parties are permitted on the condition that they are designed to enhance the quality of the service to the client. Such payments must not impair the SEB Group’s duty to act in the best interest of the client, and must be clearly disclosed to the client in advance.
- 9.5** Payments between legal entities within the SEB Group are also covered by the rules regarding Inducements, although payments between different departments/divisions within the same legal entity are not covered by these provisions.
- 9.6** All agreements within the SEB Group including any kind of third party payment or benefit arrangements as described above are required to be in writing and shall be reviewed and agreed beforehand by the responsible business manager.

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9.7 In situations where a payment or benefit arrangement has been reviewed and found to be compatible with the requirements on Inducements, the business unit involved is required to properly describe and document the basis on which it has been concluded not to have a material negative effect or disadvantage for the client. Such documentation shall at least describe the assessment of the following conditions:

1. how the payment or benefit arrangement is designed to enhance the quality of the service,
2. why it is considered not to impair compliance with SEB's duty to act in the best interest of the client, and
3. how a clear, prior disclosure is given to Clients.

Such documentation shall be filed together with the relevant agreement.

9.8 If a payment or benefit arrangement to or from a third party is permitted, the payment or benefit arrangement shall be disclosed to the client prior to the provision of the service. Such prior disclosure shall cover the existence, nature and the amount of the fee, commission or benefit. If the amount cannot be ascertained, it is sufficient to disclose the method of calculation.

9.9 The above disclosure may be in summary form provided that the full information is made available to the client on request. Any summary shall however contain sufficient information to enable the client to make an informed decision on whether or not to proceed to business on the terms stated.

9.10 The more specific requirements pertaining to inducements as well as guidance in respect of the required processes and assessments are set out in the Instruction for the giving and receiving of Inducements in the SEB Group.

10. Disclosure of Conflicts of Interest

10.1 Where, in case of a specific Conflict of Interest, the relevant Division, Business Area or Business Unit of the SEB Group is not reasonably confident that the measures adopted under this instruction 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 judged to be inadequate to prevent the risk of material damage to the client(s) affected.

10.2 In such cases, the SEB Group shall disclose the relevant Conflict of Interest to the client before undertaking business with or for it, giving sufficient information to enable the client to take an informed decision on whether or not to proceed with the proposed business.

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- 10.3** Where an Employee becomes aware of circumstances which he believes could constitute a Conflict of Interest likely to have a material impact on the interests of a client of the SEB Group, he shall report the matter to his immediate superior or to the Compliance Department.
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