

Conflicts of Interest

POLICY FACTSHEET

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A branch of Svenska Handelsbanken AB (publ),
a public limited liability company incorporated under the
laws of Sweden, with registered office at SE-106 70
Stockholm, registered with the Swedish Companies
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Conflicts of Interest Policy Factsheet

Management of conflicts of interest

Handelsbanken's Board has adopted a policy for the management of conflicts of interest which is to be applied within the Handelsbanken Group. Below is a summary of this policy. The policy is available in its entirety at handelsbanken.se/ireng.

Conflicts of interest are a natural part of a business operation, which means that these types of conflicts may arise within the Group's operations. Conflicts of interest can arise between the customers of Handelsbanken, and between Handelsbanken or Handelsbanken's customers on the one hand, and on the other hand Handelsbanken's (other) customers, shareholders, members of the Board and executive officers, as well as other personnel, important suppliers and business partners, and other closely related parties (such as companies within the Group).

A conflict of interest that can give rise to one or more customers' interests being adversely affected may arise, for example, in situations where Handelsbanken, its employees, contractors or associated companies.

- are likely to make a financial gain, or avoid a financial loss, at the expense of the customer, e.g. by trading on own account in securities, utilising information regarding customers' forthcoming trade flows,
- may have an interest in the outcome of a service provided to the customer or of a transaction carried out on behalf of the customer, which is distinct from the customer's interest in that outcome, e.g. selling a certain investment product to the customer may result in a higher internal payment than a different product, which would suit the customer better,
- may have a financial or other incentive to favour the interests of a different customer or customer group rather than the interests of the customer in question, for example by giving a certain customer more preferential rates in exchange for future or continued business links, services or investments, to the detriment of another customer or customer group.
- pursue the same type of business as the customer, or
- receive or will receive from a person other than the customer an inducement in relation to a service provided to the customer, in the form of monies, goods or services, other than the standard fee or commission for that service or activity.

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General information on management of conflicts of interest

The responsible unit head handles conflicts of interest primarily by making sure that procedures are applied and measures taken that prevent the customers' interests being negatively affected. It is the responsibility of every head of unit within the Group to continuously identify potential conflicts of interest in the unit's operations and to draw attention to and manage conflicts of interest that may give rise to one or more customers' interests being adversely affected as a result of the Group's operations. If a conflict of interest is identified, the head of the unit responsible must first ensure that the customer's interests are not adversely affected. If this is not possible, the customer must be informed of the conflict of interest in such a manner that enables the customer to understand and save the information and thereby take a decision regarding Handelsbanken's service or product in the light of the identified conflict of interest. If an identified conflict of interest cannot be avoided, the responsible unit head must also follow up the conflict of interest regularly, with the aim of bringing it to an end.

Examples of conflicts of interest and the management of these

The list below sets out the conflicts of interest that are central to the Handelsbanken Group's operations and shows how they are managed.

Is likely to make a financial gain, or avoid a financial loss, at the expense of the customer

Research operations - the Bank's position

Research could favour Handelsbanken's positions/operations but put certain customers at a disadvantage.

- The research documentation must always include information on conflicts of interest.
- Internal rules regulate independence, information management, contradictory information, checks, etc.

Corporate Finance assignments

Conflicts of interest with other operations, for example through the customer being included in the Bank's research coverage, or receiving investment advisory services, or its financial instruments being included in the Bank's mutual funds, or Handelsbanken being a lender to the customer and thus having an interest in the outcome of the business.

Corporate Finance's operations are surrounded by Chinese walls. Credit decisions are taken and investment advisory services are provided in accordance with internal rules based on the customer's interests and requirements.

Advice in conjunction with investments and asset management

Proposals could be made, or asset management could take place, based on what is most profitable for Handelsbanken, instead of what is best for the customer.

- Recommendations given as part of investment advisory services, insurance mediation or asset management must always be suitable for the customer
- The advice is documented and checked
- The customer is informed about the conflict of interest

Has an interest in the outcome of a service provided to the customer, or of a transaction carried out on behalf of the customer, which is distinct from the customer's interest in that outcome

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Reimbursement to the employee

Internal reimbursement systems could affect how duties are carried out and could mean that the Bank's interests are favoured, rather than the customer's.

- This is managed by the stipulation that recommendations in conjunction with investment advisory services and insurance mediation must always be appropriate for the customer
- The remuneration policy and remuneration system, which take account of conflicts of interest
- Advice is documented

Additional assignments and questions of impartiality

Employees and other persons who exercise ownership control, have board assignments, exercise ownership in companies with operations in competition with the Bank, etc. could have interests that conflict with those of the customer, which may lead to situations where impartiality is threatened.

- It is prohibited for employees and other relevant persons to:
 - manage matters for Handelsbanken in cases where the employee or a closely related person may have a conflict of interests with Handelsbanken
 - participate in other business activities on behalf of themselves or a third party without the consent of their line manager and the HR department
 - take on assignments outside their employment/assignment without the consent of their line manager and the HR department
- Credit instructions and rules on credits to certain employees and closely related parties

Proprietary trading (i.e. trading on own account)

A trader could receive reimbursement, which would mean that Handelsbanken's interests in trading in financial instruments would be given a higher priority than the customer's interests.

- Rules for best order execution and rules for management of customer orders, as well as rules for proprietary trading
- The remuneration policy and remuneration system take account of conflicts of interest

Insider information

A unit within Handelsbanken receives insider information that prevents Handelsbanken or the fund management company from acting in the best interests of the customer or the unit holders in all situations.

- Clear regulations for Chinese walls and the initiating of logs

Has a financial reason or other incentive to favour the interest of another customer or group of customers over the interests of the customer

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Customers with conflicting interests

An employee could receive information on different customers' conflicting interests, for example in conjunction with company acquisitions. A branch or a region could need to manage customers that are competitors.

- In corporate finance assignments, conflicts of interest are managed with rules on Chinese walls and logs

There is a risk that the employee will put the interests of one customer before the interests of another.

- Duty of confidentiality applies to all customer relationships

Order management

Favouring one customer over another customer in conjunction with order management, execution, or the allocation of securities in market transactions.

- Internal rules on best execution and execution of portfolio transactions
- Front running is regulated in the rules on market manipulation

Receives or will receive from a person other than the customer an inducement in relation to a service provided to the customer, in the form of monies, goods or services, other than the standard commission or fee for the service or activity in question.

Gifts or other gains

An employee receiving - or expecting to receive - gifts may entail a conflict of interests in, for example, the selection of a counterparty when placing orders.

- Rules for incentives and the receiving of gifts, the policy for ethical standards, and regular evaluation of counterparties in accordance with the established criteria

Conflicts of interest relating to intra-Group business

Outsourcing agreements

When evaluating an intra-Group outsourcing agreement, the outsourcing party may need expert assistance to evaluate the agreement. If this assistance were sought from a Group function, then in practice, the outsourcing party would be seeking help from the engaged party.

- The outsourcing company must always have the requisite competency to evaluate outsourcing agreements.
- If there is a need for specialist competency, this support must be sought from an independent party, if there is a risk of a conflict of interests.

Work of the Board

A member of an internal board could have another assignment at Handelsbanken which would mean that he/she had an interest that conflicted with their duty of loyalty to the subsidiary.

A suitability assessment, including an assessment of any conflicts of interest, is carried out before a new member is appointed, or when an existing member is given different operational assignments.

Conflicts of interest relating to stakeholders other than customers

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Suppliers

An employee receives gifts or is invited to a corporate hospitality event by a supplier, with the aim of persuading the employee to enter into an agreement that is unfavourable to Handelsbanken.

- To avoid incurring obligations to suppliers, employees must observe rules regarding receiving and giving gifts and corporate hospitality
- Ethical rules include provisions on the giving and taking of bribes. All corporate hospitality must be characterised by

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