



## CONFLICTS OF INTEREST POLICY

### A. PURPOSE

The aim of this Conflicts of Interest Policy (the “Policy”) is to align the processes of DNB Luxembourg S.A. (the “Bank”) with the applicable provisions of EU Directive 2014/65 and EU Regulation 600/2014 on markets in financial instruments (“MiFID”), completed by EU delegated Regulations and Luxembourg Law dated 30 May 2018.

The Policy’s main objective is to accurately detect, manage and avoid any possible and/or existing conflicts of interests within the scope of the Bank’s activity and increase awareness of the staff members by providing rules on how to avoid or handle such conflicts.

This document should be read in conjunction with other relevant guidelines applicable at DNB Group level, including the Code of Ethics and the Standard for Handling Conflicts of Interest. In case of discrepancy, the present document shall however prevail.

### B. DEFINITION OF CUSTOMER AND CONFLICT OF INTERESTS

For the purposes of this Policy, the Bank’s customers (“Customer”) shall include:

- existing customers of the Bank;
- potential customers of the Bank;
- former customers where the Bank’s duties still remain in place.

A conflict of interest means a situation where the Bank, a relevant person, or a person directly or indirectly linked by control to the Bank:

- is likely to make a financial gain, or avoid a financial loss, at the expense of a Customer;
- has an interest in the outcome of a service or an activity provided to a Customer or of a transaction carried out on behalf of a Customer, which is opposite to the Customer’s interest in that outcome;
- has a financial or other incentive to favour the interests of a Customer or group of Customers over the interests of another Customer;
- carries on the same business as the Customer; or
- receives or will receive an inducement from a person other than the Customer in relation to the Bank’s activities provided to the Customer. Such inducement may be provided in the form of monies, goods or services, other than the standard commission or fee for that service.

### C. EXAMPLES OF CONFLICTS OF INTEREST

Conflicts of interest may arise in various spheres of the Bank’s activity. For example, conflicts of interest may occur in the relationships between:

- the Bank and a Customer;
- a third party and a Customer;
- two or more Customers of the Bank in the context of the provision of services by the Bank to those Customers;
- the Bank’s third party service providers and a Customer; or
- the Bank’s related entities and a Customer.

As specific examples:

- the Bank may invest in financial instruments (including investment funds) that are promoted or manufactured by the DNB Group, when accepting an instruction from of a Customer (execution services), providing advice to a Customer or investing on behalf of a Customer under a discretionary asset management agreement. The Bank has taken measures so that the provision of such investment services do not conflict with the Customer’s best interests;



- the Bank may also make use of investment analyses prepared by other units in the DNB Group or external parties. Such analyses are, however, subject to strict objectivity and independence requirements. The Bank has taken the decision to pay directly from its own account such analyses in order to avoid potential conflict of interest; and
- the Bank may also receive and/or pay inducements, as further detailed in the Bank's Inducement Policy and the Bank's MiFID II brochure.

#### **D. PREVENTION OF CONFLICTS OF INTEREST**

The Bank has implemented a number of organisational and administrative measures and controls to prevent conflicts of interest and to mitigate the associated risks. These measures include:

- Segregation of duties including separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, Customers;
- Restricted access to certain type of information;
- Effective procedures to prevent or control the exchange of information;
- Remuneration policy;
- Measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services or activities;
- Measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest;
- Periodic training to the staff regarding the compliance, ethics and code of conduct, staff trading rules, and whistleblowing procedure;
- Continuous identification and monitoring of possible conflicts of interests by the Compliance and Risk functions.

Where the effective organisational and administrative arrangements mentioned here-above are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Customer will be prevented, the Bank will inform the Customer with the following:

- a specific description of the conflicts of interest that arise;
- the general nature and sources of conflicts of interest;
- the risks to the Customer that arise as a result of the conflicts of interest;
- the steps undertaken to mitigate these risks.

The disclosure to the Customer will be sufficiently detailed to enable the Customer to take an informed decision with respect to the service in the context of which the conflicts of interest arise.

#### **E. IDENTIFICATION, REPORTING AND ESCALATION PROCESS**

The Bank is required to take all reasonable steps to identify and adequately manage conflict of interests entailing a material risk of damage to a Customer's interests. In order to achieve the aforesaid, the Bank shall ensure that the responsibilities and duties of the staff members are assigned so as to safeguard the interest of the Customer and the Bank and to avoid any potential conflicts of interests.

Each employee is also required to observe and recognize any situation in which a conflict of interest may arise and disclose the latter to the Chief Compliance Officer (CCO). The CCO shall then with the support of relevant staff further assess the potential conflict of interest detected.

The CCO shall keep the management of the Bank (the "Management") informed of the potential/existing conflicts of interests, and provide clear assessments and description of the measures taken to minimize or avoid such conflicts.

Further, whenever the Customer requests additional information on the above, the CCO shall provide the requested to the Customer in a comprehensive, accurate and understandable manner.



The CCO shall bring to the Board's attention any potential/existing conflicts of interests along with the assessments of the measures implemented and the risks deriving from such conflicts, if cannot be avoided, duly mitigated.

#### F. CHIEF COMPLIANCE OFFICER

Besides duties outlined above, the CCO shall also be responsible for maintaining the awareness of all staff members with regards to the Policy and to clarify to staff any doubt over the application of the Policy. The CCO shall ensure that all staff members as well as the third parties interacting with the Bank, with whom a conflict of interest may arise, are being addressed with the necessary trainings and/or communications.

The CCO shall put in place, maintain and update from time to time a register of the potential and existing conflicts of interest.

The CCO shall be responsible for implementing relevant controls and monitoring the adherence to the Policy.

#### G. BOARD OF DIRECTORS

The board of directors of the Bank (the "Board") shall be responsible for establishing guidelines in matters of conflicts of interests.

The Board shall comment on the conflicts of interests duly reported by the CCO and decide upon the approach to be adopted with regards to these conflicts of interests.

#### H. REVIEW

The CCO shall, together with the Management, annually review and assess the Policy and the adequacy and effectiveness of the arrangement and measures put in place to identify, handle and mitigate conflicts of interest. While conducting the assessment, the CCO and the Management shall take into consideration (i) the Bank's current business, ii.) the nature and range of the investment services and activities provided by the Bank, (iii) the evolution of the applicable regulatory provisions and market practices, and (iv) the procedures, measures and guidelines applicable within DNB Group in matters of conflicts of interests.

The CCO shall together with the Management update if needed the provisions of the Policy and arrangements and measures put in place in order to ensure compliance with the applicable provisions as well as DNB Group guidelines.

Any amendments to this Policy and arrangements made shall be approved by the Board and communicated to the staff of the Bank.

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