



INDUCEMENTS POLICY

A. PURPOSE

The aim of this Inducements 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.

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. DEFINITIONS

Inducements shall be understood as fees, commissions and non-monetary benefits paid by the Bank or received by the latter in relation to the provision of investment or ancillary services provided to a customer of the Bank (“Customer”).

Proper fees shall be understood as any third party payments which are permitted or necessary, and by their nature cannot give rise to conflicts with the Bank’s duty to act honestly, fairly and professionally in accordance with the best interest of the Bank’s customer. Proper fees include custody costs, settlement and exchange fees, regulatory or legal fees.

C. CONDITIONS UNDER INDUCEMENTS MAY BE GIVEN AND RECEIVED

Conditions under which inducements may be given or received will differ depending on the investment services that the Bank offers to the Customer and the inducement type itself, as further detailed here below.

In relation to execution only and advisory services, as the Bank offers non independent advisory services, it may give or receive inducements, but only if the inducement:

1. Is designed to enhance the quality of the relevant service to the Customer, i.e.:
 - it is justified by the provision of an additional or higher level service to the relevant Customer which is proportionate to the level of inducements received;
 - it does not directly benefit the Bank, its shareholders or employees without tangible benefit to the relevant Customer; and
 - it is justified by the provision of an on-going benefit to the relevant Customer in relation to an on-going inducement;
2. Does not impair compliance with the Bank’s duty to act honestly, fairly and professionally in accordance with the best interest of its Customer;
3. Is disclosed to the Customer, i.e.:
 - Prior to the provision of the relevant investment or ancillary service, the existence, nature and amount (where the amount cannot be ascertained, the method of calculating that amount is disclosed) of the inducement shall be disclosed. Minor non-monetary benefits may be described in a generic way.
 - At least once a year, the actual amount of inducements received or paid shall be disclosed. Minor non-monetary benefits may be described in a generic way.



In relation to discretionary portfolio management services, the Bank is not allowed to accept and retain fees, commissions or any monetary or non-monetary benefits paid or provided by any third party or person acting on behalf of a third party.

Minor non-monetary benefits that are capable of enhancing the quality of service provided to a Customer are still acceptable, provided they are of a scale and nature that do not impair compliance with the Bank's duty to act in the best interest of the Customer. Such minor non-monetary benefits will be clearly disclosed at least in a generic way prior to the provision of investment.

Minor non-monetary benefits

The following benefits qualify as acceptable minor non-monetary benefits:

- information or documentation relating to a financial instrument or an investment service, which is generic in nature or personalised to reflect the circumstances of an individual Customer;
- written material from a third party that is commissioned and paid for by an corporate issuer or potential issuer to promote a new issuance by the company, or where the third party firm is contractually engaged and paid by the issuer to produce such material on an ongoing basis, provided that the relationship is clearly disclosed in the material and that the material is made available at the same time to any investment firms wishing to receive it or to the general public;
- participation in conferences, seminars and other training events on the benefits and features of a specific financial instrument or an investment service;
- hospitality of a reasonable *de minimis* value, such as food and drink during a business meeting or a conference, seminar or other training events mentioned; and
- other minor non-monetary benefits which the Luxembourg authorities accept as capable of enhancing the quality of services provided to a Customer and, having regarded the total level of benefits provided by one entity or group of entities, are of a scale and nature that are unlikely to impair compliance with the Bank's duty to act in the best interest of the Customer.

Criteria and assessment

In assessing whether a specific set of circumstances meets the above conditions, the following factors shall be considered:

- the nature of the service provided;
- the expected benefits of the arrangement to the Customer, the Bank and any third party involved;
- whether the arrangement could be seen as a potential incentive likely to change the proper behavior of the Bank or any third party involved;
- the relationship between the Bank and the other party(ies) involved in the inducement;
- the amount of inducement; and
- the nature of the inducement itself.

Investment research

The Bank has decided to pay investment research provided by external parties directly from its own account and consequently does not consider it as an inducement.

D. REPORTING AND ESCALATION PROCESS

Staff members shall inform the Chief Compliance Officer (CCO) of the Bank whenever a payment/benefit that could be identified as inducements has been received/paid in relation to the services rendered by the Bank. Staff members shall with support of the CCO identify, classify and assess the payment/benefit as to whether or not it satisfies the legal requirements in matter of inducements delivered by all applicable laws. This assessment shall be recorded in an inventory and shall consider the proportionality and quality enhancement of the services.

The CCO shall report to the management (the "Management") and the board ("Board") of the Bank any alarming inducements received/paid, along with the clear assessments of the existence, nature and amount of payment/benefit received.



Whenever a customer requests additional information on payments, the CCO shall provide the requested to the customer in a comprehensive, accurate and understandable manner.

E. CHIEF COMPLIANCE OFFICER

Besides duties outlined above, the CCO shall also be responsible for maintaining staff members' awareness of this Policy and to therewith clarify any doubt over its application. The CCO shall especially ensure that all relevant departments and persons who are at high risk of being exposed to inducements, are aware of the rules regarding inducements by providing necessary trainings and communications.

The CCO shall together with the Chief Risk Officer review and retain the inventory of the benefits/payments received along with the assessments of the latter for the period of at least five years. In case where the payment/benefit received has been identified by the CCO as a non-inducement, the CCO shall clearly describe the nature of the benefit/payment received and the reasons for not qualifying such payment/benefit received as non-inducement.

The CCO shall together with the Chief Risk Officer be responsible for implementing relevant controls and monitoring the adherence to the Policy.

F. BOARD OF DIRECTORS

The Board shall be responsible for establishing guidelines in the matter of inducements.

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

G. REVIEW

The CCO shall, together with the Management, review and assess the Policy and the adequacy and effectiveness of the arrangement and measures put in place. 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 laws and market practices with regards to the inducements rules, and (iv) the procedures and measures applicable within DNB Group in matters of inducements.

The CCO shall together with the Management review and update, if needed, the provisions of the Policy in order to ensure compliance with the inducements rules introduced by all applicable laws as well as the 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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