

# POLICY FOR MANAGEMENT OF CONFLICTS OF INTEREST IN THE HANDELSBANKEN GROUP

adopted by the Central Board on 23 March 2022

*Information class: Open*

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## 1. Purpose and scope

The purpose of this policy is to ensure that conflicts of interest in the Handelsbanken Group are managed correctly. All employees, board members and third parties who act on behalf of the Group must comply with this policy, where applicable.

## 2. Identification and management of conflicts of interest

### 2.1. General information on identification of conflicts of interest

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 their related parties

- are likely to make a financial gain, or avoid a financial loss, at the expense of the customer,
- 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 diverges from the customer's interest in that outcome,
- may have a financial reason or other incentive to favour the interest of another customer or group of customers over the interests of the customer,
- pursues the same type of business as the customer, or
- 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 fee or commission for that service or activity.

However, conflicts of interest do not always need to be linked to customers. Conflicts of interest can also arise between different parts of the Group, and between the Bank and the private interests of employees, including closely associated persons. Such conflicts may arise due to

- economic interests, e.g. shareholdings, other ownership rights and memberships, financial holdings and other economic interests in commercial customers, intellectual property rights, loans granted by the Bank to a company owned by staff or closely associated persons, or membership of a body or entity whose interests are in conflict with those of the Bank,
- personal or professional relationships with the owners of qualifying holdings in the Bank,
- personal or professional relationships (e.g. family relationships) with staff working for the Bank or entities included within the scope of prudential consolidation of the Group,
- other employment and previous employment in the recent past, or
- personal or professional relationships with relevant external stakeholders, e.g. being associated with material suppliers, consultancies or other service providers.

Conflicts of interest can be of different types in different parts of the Handelsbanken Group's operations. The situations mentioned above are only examples of possible conflicts of interest.

## ***2.2 General information on management of conflicts of interest***

It is the responsibility of all heads of units to continuously identify, prevent or manage, document and follow up potential conflicts of interest in their operations. As regards customer relationships in particular, the manager must firstly ensure that the customer's interests are not adversely affected. If it is not possible to prevent a conflict of interest, 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 the 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.

Conflicts of interest that have been identified must be documented and recorded by the unit. It must be made clear that this record cannot be regarded as being exhaustive. The identification and management of conflicts of interest within a unit must be adapted to the type of operation concerned. It is the responsibility of every head of unit where conflicts of interest have been identified to hold an annual review with the unit's staff, based on the current regulations regarding possible conflicts of interest.

For units where the probability of conflicts of interest is deemed to be higher, an annual summary of material conflicts of interest that have been identified must be compiled. The Group Chief Executive will determine which units are to be subject to this requirement.

In determining suitable procedures for forestalling and preventing a conflict of interest, Handelsbanken's regulations regarding conflicts of interest, bank confidentiality, ethical standards, operational risk, corruption, assignments outside the Bank, remuneration, secondary occupations, employees' own securities transactions, investment research,

investment advisory services, marketing of financial instruments and corporate finance operations must be taken into account, where applicable.

The risk of conflicts of interest must also be taken into account in conjunction with recruitment, the appointment of board members within the Group, and the procurement of services.

**2.3. Examples of conflicts of interest that occur at Handelsbanken, 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. They have been divided into three main categories, A-C (with sub-categories where applicable): conflicts of interest with regard to customers, conflicts of interest with regard to intra-Group relations, and conflicts of interest with regard to stakeholders other than customers. Note that this list is not exhaustive.

Conflicts of interest	Management
<b>A. CONFLICTS OF INTEREST WITH REGARD TO CUSTOMERS</b>	
<b>I. Is likely to make a financial gain, or avoid a financial loss, at the expense of the customer</b>	
<p><b>Research operations</b></p> <p>Recommendations of equities or other financial instruments in which the Bank holds positions, or which are issued by companies for which the Bank is carrying out other assignments or with which it has other relationships, could mean that Handelsbanken’s positions or other operations/customers benefit at the expense of other customers.</p>	<ul style="list-style-type: none"> <li>• In organisational and physical terms, research operations are run separately from, and do not report to, other operations with conflicting interests; this is to prevent undue influence or exchange of information.</li> <li>• There are no direct links between the remuneration of staff within research operations and profits at other units.</li> <li>• The research documentation must always include information on conflicts of interest.</li> <li>• Internal rules regulate independence, information management, control measures, etc.</li> </ul>
<p><b>Corporate Finance assignments</b></p> <p>Conflicts of interest could arise if instruments issued by customers are recommended by the Bank’s research analysts or advisors, or are included in mutual funds or discretionary portfolios, and/or the Bank is also a lender to the issuing customer, and investments in the</p>	<ul style="list-style-type: none"> <li>• In organisational and physical terms, corporate finance operations are run separately from, and do not report to, other operations with conflicting interests; this is to prevent undue influence or exchange of information.</li> </ul>

<p>instrument affect the customer's creditworthiness or repayment capacity.</p>	<ul style="list-style-type: none"> <li>• There are no direct links between the remuneration of staff within corporate finance operations and profits at other individual units.</li> <li>• Credit decisions are taken and investment advisory services are provided in accordance with internal rules based on the customer's interests and requirements.</li> </ul>
<p><b>Advice in conjunction with investments and asset management</b></p> <p>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.</p>	<ul style="list-style-type: none"> <li>• In organisational and physical terms, advisory services and asset management operations are run separately from, and do not report to, other operations that develop investment products; this is to prevent undue influence.</li> <li>• According to internal rules, recommendations given as part of investment advisory services, insurance distribution or asset management must always be based on the individual customer's circumstances and be suitable for the customer.</li> <li>• Advice is documented and is subject to checks.</li> </ul>
<p><b>Advice in conjunction with lending</b></p> <p>Handelsbanken could make proposals based on what is most profitable for itself, instead of what is best for the customer.</p>	<ul style="list-style-type: none"> <li>• This is managed through internal rules for credit assessments and credit decisions, where decisions are examined and assessed on a regular basis.</li> <li>• The credit process must take place in accordance with the principle of duality in the granting of credit.</li> <li>• Advice is documented and is subject to checks.</li> </ul>
<p><b>II. 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</b></p>	
<p><b>Remuneration from the Bank to the employee</b></p> <p>Internal remuneration systems could affect how duties linked to services and products are</p>	<ul style="list-style-type: none"> <li>• According to internal rules, recommendations given as part of investment advisory services, insurance distribution or asset management must always be based on the individual</li> </ul>

<p>carried out, and could mean that own interests are favoured, rather than the customer's.</p>	<p>customer's circumstances and be suitable for the customer. There are no direct links between the remuneration of staff within advisory and asset management services and profits at other individual units.</p> <ul style="list-style-type: none"> <li>• The remuneration policy and remuneration system take account of conflicts of interest.</li> <li>• Advice is documented and is subject to checks.</li> </ul>
<p><b>Reimbursements from the Bank to a third party</b></p> <p>Third party reimbursements for investment advisory services, insurance distribution, etc., could mean that the advisor's recommendations are influenced by reimbursements to Handelsbanken or the advisor.</p>	<ul style="list-style-type: none"> <li>• According to internal rules, recommendations given as part of investment advisory services or insurance distribution must always be based on the individual customer's circumstances and be suitable for the customer.</li> <li>• The remuneration policy and remuneration system take account of conflicts of interest.</li> </ul>
<p><b>Proprietary trading (i.e. trading on own account)</b></p> <p>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.</p>	<ul style="list-style-type: none"> <li>• Internal rules for best order execution and rules for management of customer orders, as well as rules for proprietary trading, are applicable.</li> <li>• The remuneration policy and remuneration system take account of conflicts of interest.</li> </ul>
<p><b>Offering of unit-linked funds in life insurance</b></p> <p>Handelsbanken Liv and its subsidiaries primarily offer Handelsbanken's mutual funds as investment alternatives in unit-linked insurance, which may benefit the Bank above the insurance customers.</p>	<ul style="list-style-type: none"> <li>• The range of mutual funds in which customers can invest is managed by Handelsbanken Liv's fund selection committee, based on objective criteria. This is in order to ensure high-quality investments in terms of return, risk and rating, which are adapted to the insurance.</li> </ul>
<p><b>The fund management company's choice of asset management</b></p> <p>Handelsbanken's fund management company could select mutual funds that give good kick-</p>	<ul style="list-style-type: none"> <li>• The fund is managed in accordance with its fund regulations, and the fund manager selects the funds that they consider to be best for the unit-holders/fund.</li> </ul>

<p>backs, or favour Handelsbanken, which could put fund unit holders at a disadvantage.</p>	<ul style="list-style-type: none"> <li>• Any kick-backs are paid into the fund.</li> <li>• When a fund-of-fund invests in its own funds, the underlying fund's management fee is waived.</li> <li>• The fund management company provides information about conflicts of interest.</li> </ul>
<p><b>Insider information</b></p> <p>A unit within Handelsbanken receives insider information in accordance with the relevant rules (e.g. the regulations for market soundings), but the receiving of this information then prevents the unit from carrying out certain types of transaction, which would have benefited the customer.</p>	<ul style="list-style-type: none"> <li>• Internal rules exist in order to ensure that the information received is restricted to a few individuals, and does not affect the rest of the unit's operations.</li> </ul>
<p><b>External board members</b></p> <p>External members of the Central Board, of boards of subsidiaries, or of national boards, may participate in credit decisions relating to companies with links to the members' own businesses, including competitors of their operations.</p>	<ul style="list-style-type: none"> <li>• A suitability assessment, including an assessment of any conflict of interests, is carried out before a new member is appointed to the Central Board or a subsidiary's board.</li> <li>• For a member of a national board, a CV must be included in the documentation prior to a decision being made on an appointment.</li> <li>• Board members must not participate in discussions of matters that relate to their own operations, or in which they are not impartial in other respects.</li> <li>• Board members sign a confidentiality undertaking.</li> </ul>
<p><b>III. Has a financial reason or other incentive to favour the interest of another customer or group of customers over the interests of the customer</b></p>	
<p><b>Customers with conflicting interests</b></p> <p>An employee could receive information on different customers' conflicting interests, for example in the financing of company acquisitions. A branch could need to manage customers that are competitors. There is a risk that an employee will put the interests of one</p>	<ul style="list-style-type: none"> <li>• Internal rules regarding the duty of confidentiality apply to all customer relationships.</li> <li>• An employee must not deal with several customers or customer groups with conflicting interests at the same time.</li> </ul>

<p>customer or group of customers before the interests of another.</p>	
<p><b>Order management</b></p> <p>Favouring one customer over another customer in conjunction with order management, execution, or the allocation of securities in market transactions.</p>	<ul style="list-style-type: none"> <li>• Internal rules on best execution and execution of portfolio transactions are applicable.</li> </ul>
<p><b>Reallocation in asset management</b></p> <p>The fund management company could favour certain customers or mutual funds in conjunction with major reallocations of funds, where the change would affect the unit value or otherwise affect the funds negatively or positively.</p>	<ul style="list-style-type: none"> <li>• According to internal and external regulations, asset management must be run so that the fund unit holders are treated fairly, and no unit holders' interests are to be given a higher priority than others'.</li> </ul>

<p><b>IV. 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.</b></p>	
<p><b>Gifts or other gains</b></p> <p>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.</p>	<ul style="list-style-type: none"> <li>• Rules for incentives and the receiving of gifts, the policy against corruption, the policy for ethical standards, and regular evaluation of counterparties in accordance with the established criteria.</li> </ul>
<p><b>B. CONFLICTS OF INTEREST WITH REGARD TO INTRA-GROUP RELATIONS</b></p>	
<p><b>Outsourcing agreements</b></p> <p>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.</p>	<ul style="list-style-type: none"> <li>• The outsourcing company must always have the requisite competency to evaluate outsourcing agreements.</li> <li>• 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.</li> </ul>
<p><b>Work of the board</b></p> <p>A member of a subsidiary's board could have another assignment at Handelsbanken, which would mean that he/she had an interest that conflicted with their duty of loyalty towards the subsidiary or the Bank.</p>	<ul style="list-style-type: none"> <li>• A suitability assessment, including an assessment of any conflict of interests, is carried out before a new member is appointed, or when an existing member is given different operational assignments.</li> <li>• A board member must not participate in decisions that relate to contractual relations or similar situations where there are conflicts of interest between the Bank and the subsidiary.</li> </ul>
<p><b>C. CONFLICTS OF INTEREST WITH REGARD TO STAKEHOLDERS OTHER THAN CUSTOMERS</b></p>	
<p><b>Suppliers</b></p> <p>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.</p>	<ul style="list-style-type: none"> <li>• To avoid incurring obligations to suppliers, employees must observe rules regarding receiving and giving gifts and corporate hospitality.</li> <li>• Ethical rules include provisions on the giving and taking of bribes. All corporate hospitality must be characterised by moderation.</li> </ul>



	<ul style="list-style-type: none"> <li>• The Policy against corruption must be applied.</li> </ul>
<p><b>Additional assignments</b></p> <p>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 Handelsbanken.</p>	<ul style="list-style-type: none"> <li>• It is prohibited for employees and other relevant persons to: <ul style="list-style-type: none"> <li>- manage matters for Handelsbanken in cases where the employee or a closely related person may have a conflict of interests with Handelsbanken,</li> <li>- participate in other business activities on behalf of themselves or a third party without the consent of their line manager and the HR department,</li> <li>- take on assignments outside their employment/assignment without the consent of their line manager and the HR department.</li> </ul> </li> </ul>
<p><b>Credits to closely related parties</b></p> <p>Employees in senior positions, parties closely related to these persons, and companies in which these persons have a significant financial interest, could be granted credits on grounds that are not commercial, which could damage the interests of Handelsbanken.</p>	<ul style="list-style-type: none"> <li>• Credit instructions and internal rules on credits to certain employees and closely related parties are applicable.</li> </ul>
<p><b>The relationships of employees or closely related persons with customers, suppliers or other stakeholders</b></p> <p>An employee, or a person closely related to an employee, could have, or could have recently had, financial, professional or private relationships with a customer, supplier or other employee, etc., which may entail the risk of a conflict of interest that would adversely affect the employee in his/her professional activities.</p>	<ul style="list-style-type: none"> <li>• Employees must not process cases which concern themselves or persons closely related to them.</li> <li>• Internal rules regarding employees who are closely related to each other must be observed, including restrictions concerning, for example, whether a closely related person is permitted to work within the same organisational area or process.</li> <li>• Internal rules regarding employees' assignments outside their employment must be observed, including a requirement for consent from an employee's line manager and HR department, as well as taking into account the risk of a conflict of interest</li> </ul>

	<p>when assessing whether an assignment can be approved.</p> <ul style="list-style-type: none"> <li>• Relationships with suppliers are governed by internal rules on ethical standards, including rules regarding receiving and giving gifts and corporate hospitality, the aims of which are to avoid corruption or incurring obligations to suppliers.</li> <li>• The assessment of possible conflicts of interest is part of the Bank's process of managing supplier arrangements.</li> </ul>
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### 3. Reporting

The units where the likelihood of conflicts of interest is deemed to be higher, and which therefore compile an annual summary of material conflicts of interest and how they are managed, must submit this summary to Group Governance and, for information, to Group Compliance.

Group Compliance must, at least once a year, present a report to the Central Board's risk committee providing information about the compliance function's control and follow-up activities concerning the management of identified, material conflicts of interest in the Handelsbanken Group. This report must present the material conflicts of interest that have been identified, and how these conflicts are being managed or avoided.