

Instruction regarding management of conflicts of interest

Introduction

This instruction defines how Statkraft Financial Energy AB (SFE) shall act to detect and manage conflicts of interest. The instruction defines how SFE shall act to meet its own standards and to be compliant with relevant regulatory requirements¹.

The instruction is approved by the Board of SFE. The Managing Director is responsible for reviewing the instruction and making relevant revisions regularly, at least yearly. The Managing Director is also responsible for the implementation and the compliance of this instruction in the company.

Management of conflicts of interest

A conflict of interest is a set of circumstances that creates a risk that professional judgement or actions regarding a primary interest will be unduly influenced by a secondary interest.

Conflicts of interest can occur in many of the company's business relations; between clients and SFE, its employees and partners to SFE, between members of the board or between different clients. It is important to be aware of and identify such circumstances and relations where conflicts of interest occur and clearly specify how to act in such situations. The objective of this instruction is to specify the identified conflicts of interest, and to give clear guidance to SFE how the identified conflicts of interest shall be mitigated.

The following questions may indicate circumstances of conflicts of interest:

- Does SFE or its employees have any specific interest in the result of the business relation?
- Does SFE have any economic or any other type of other incentives for improving the priority/service/price/terms or give other advantages to clients?
- Are there any incentives, in any form, different from the agreed terms in the agreed services to clients?

SFE shall inform the client about conflicts of interest that could not be mitigated, and that could have a negative effect on the clients' interests.

Prevention of conflicts of interests

SFE shall always act based on integrity and honesty. All clients shall be treated equally and in a correct and professional way based on the best interest of the company's clients when delivering all services. SFE also prevents conflicts of interest by early identification of potential conflicts of interest, by acting in accordance with this instruction and other related internal and group guidelines and

¹ Swedish act on securities (2007:528) and FFFS 2007:16, Del.Reg.2017/565

rules, by relevant education and by management actions and controls to mitigate the risk for material conflicts of interest.

- SFE always acts to offer the best possible terms for its services. If SFE does not succeed to offer such terms the clients would choose different suppliers.
- There are restriction rules applying to personal investments and trading in financial instruments for the employees of SFE to prevent conflicts of interest. Employees of SFE are also restricted to have other obligations which can jeopardize their ability to act in accordance with internal rules and the best interest to the clients.
- At board meetings, the chairman of the board shall ask if there are any conflicts of interest for any board member. If so, that board member shall not participate in any board decisions where a conflict of interest is at hand. The minutes shall document this procedure.
- Education and training of staff shall include ethical guidance and how to manage conflicts of interest.
- Processes and procedures shall be clear and be kept up to date.
- Segregation of duties. Employees shall not perform all activities and controls in a business event or transaction alone.
- “Chinese walls”. SFE shall organize its operations and the physical layout of its office in order to prevent exchange of information or communication that could lead to conflicts of interest or insider trading. The barriers also include information systems with data and other information that shall be kept separated.
- Each month SFE AB’s employees shall inform and provide details to the Managing Director in writing, concerning any personal transactions entered into in relation to financial instruments (see for further details Ethical Guidelines).
- Local compliance function separated from the risk control function.

How SFE acts to manage conflicts of interests

- If and when a conflict of interest is identified the potential conflict shall immediately be reported to the Managing Director.
- The Managing Director shall escalate the potential conflicts of interest and report to the Compliance officer if this instruction and appendix do not give clear guidelines of how to act or it is a new conflict of interest.
- Conflict of interest reported by SFE clients shall be managed by the Managing Director.

- Any employee can report a conflict of interest directly to the Managing Director or Compliance officer.
- The Managing Director or the Compliance officer shall report to the board of directors such conflicts of interest that in their reasonable opinion can seriously harm or jeopardize SFE's reputation.

If a conflict of interest is identified it is a management decision how to act. Since the conflicts of interest can be quite different, the action shall be based on best judgment and decisions taken by the Managing Director and the Compliance officer shall be informed.

A description of the conflict of interest and the description of how to act shall be documented and the documentation shall be kept by the Compliance officer as an appendix to this guideline.

Identified conflicts of interests

An appendix to this instruction documents all identified conflicts of interest and how SFE acts to mitigate the risk of a negative impact. The appendix is updated whenever new situations are identified by the Compliance officer.

Disclosure

This guideline and instruction shall, on request, be presented to the client of SFE.