

## Policy on conflicts of interest

Adopted by:	Board of Directors
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Replaces:	2017-05-10
Legal or other basis:	FFFS (2007:16) governing investment services and activities
Policy owner:	CEO

*The information above is not included in the Board's decision and can thus be changed without the Board's involvement. Such changes may only be carried out by the Compliance Officer. Policy owners are however appointed by the CEO.*

### 1 Background

To identify and deal with conflicts of interest is of vital importance to financial undertakings. For this reason, it is important that all employees and, where applicable, board members are aware of and take responsibility for identifying and dealing with any conflicts of interest that may arise in the operation. To safeguard its trustworthiness and reputation, Movestic Kapitalförvaltning AB ("the Company") must put in place effective routines for identifying and dealing with conflicts of interest, to prevent them from having a detrimental effect on the Company itself, or on its customers.

### 2 Aim

The aim of this policy is to ensure that conflicts of interest that arise within the Company are identified and managed, and that there are effective routines in place for dealing with and monitoring both existing and potential conflicts of interest

### 3 Scope

The policy concerns all employees of the Company and, where applicable, its board members.

### 4 Responsibilities

**The CEO** holds the final responsibility for the ongoing identification, documentation and handling of conflicts of interest and for making sure that these are reported to the Board of Directors, as required.

**All employees** should be vigilant and watch out for situations that could potentially result in conflicts of interest. Such situations should immediately be reported to their immediate manager, who will in turn notify the Compliance function.

**The Compliance function** is responsible for ensuring that the Company's record of concrete situations that have resulted in, or may result in, a raised risk of conflicts is updated on an ongoing basis, as new conflicts of interest are identified.

**Board members, alternate members and the CEO** must report any instances of partiality and other conflicts of interest to the Chairman of the Board.

## 5 Circumstances that may lead to conflicts of interest

Conflicts of interest can arise in many different ways within the Company's business operation. As an example, a conflict of interest may arise when a person's personal interests conflict with, or risk conflicting with, the interests of the Company, or when a decision-maker represents a number of competing interests.

This section describes a few situations where there is often a high risk of conflicts of interest. Please note that this list is very general and that there may be more specific examples of situations and areas to which this policy applies. All conflicts of interest identified and documented by the Company are found in its records of identified potentially significant conflicts of interest, which also include an assessment of each conflict of interest and information about the way it is managed.

### 5.1 Composition of the Board

The Company's Board of Directors includes members who also have other roles with the Company's owner, Movestic Livförsäkring AB ("Movestic Liv") or with the group's parent company, Chesnara Plc. To ensure the impartiality of the Board, it also includes independent board members. Independent board member refers to persons who are neither employed by the Company, nor employees or board members of other undertakings within the same group as the Company, or in a group of companies of a similar type.

### 5.2 Special employment terms within the Movestic Group

The Company has a number of employees who are also employed by its parent company, Movestic Liv. This means that these persons carry out duties for both companies, a situation that could result in circumstances where the interests of the two companies are opposed. The Company has identified potential conflicts of interest that could arise as a result of these dual employment contracts and decided how these should be managed and prevented. As an example, each employee's duties with the respective companies have been clearly defined and the persons concerned report their work to persons in leading positions within the company in which the duties are carried out.

### 5.3 Employees' own trading in financial instruments

A conflict of interest could arise where an employee handles a business activity in which the employee themselves, or a person close to them, has a personal interest.

The Company has internal rules for employees' own trading in financial instruments. These regulate how certain persons subjected to notification requirements shall handle trading in securities on their own behalf, and on behalf of persons close to them, and how such transactions

should be notified and reported. The Company also applies “Rules governing transactions in financial instruments undertaken by employees and service providers on own account and on behalf of closely related persons of fund management companies on own account and on behalf of closely related persons”, issued by the Swedish Securities Dealers Association. In its internal rules the Company has also included restrictions on how trading can be carried out in the group’s parent company, Chesnara Plc.

#### **5.4 Remunerations to employees**

Remunerations (fixed and variable) to employees of the Company should be consistent with and promote sound and effective risk management and not encourage risk taking over and above the Company’s risk tolerance limits or counteract the long or short term interests of the Company. To avoid potential conflicts of interest, all remunerations are regulated by the Company’s Remuneration Policy, which has been adopted by the Board of Directors. According to this Policy, the Company must, when remunerations to employees are set, take appropriate action to avoid, consider and manage potential conflicts of interest. The Company’s Internal Audit function shall check that the Company’s remuneration system complies with the Remuneration Policy on an annual basis. The result of this review shall be reported to the Board of Directors.

#### **5.5 Outsourcing agreements**

Before an outsourcing agreement is entered into, the person responsible for the outsourced activities must carry out an impact assessment to investigate whether it would be appropriate to outsource the operation or function concerned. The impact assessment should include an assessment of potential conflicts of interest between the Company and the contractor being considered. More detailed rules on outsourcing agreements can be found in the Company’s Policy on outsourcing.

#### ***Special rules on outsourcing within the Movestic Group***

If the intention is to outsource parts of the Company’s operation to a contractor within the group to which the Company belongs, the impact assessment should take special account of potential conflicts of interest and the ability of the contractor to, without undue influence, perform the outsourced tasks within the group Company with which the contractor has their primary employment.

The Company has entered into an outsourcing agreement with its parent company, Movestic Liv. The relation between the two companies leads to a risk of conflicts of interest. For this reason, the partnership agreements between the two companies stipulates that any conflicts of interest that may arise as a result of this partnership will be investigated separately and reported to the board of the respective companies on an annual basis.

The Company has entered into a cooperation agreement with its sister company Movestic Fund Management S.A. (“MFM”) regarding fund management services. The mission carried out by the Company to MFM entails in some respects conflicts of interest. The Company has identified those situations and also decided on how to handle them in order to avoid adversely affecting the Company’s customers, partners and/or those investing in the funds managed by the Company. The management of conflicts of interest shall be followed up at least annually by the Company’s Compliance Officer.

## 5.6 Secondary employment

Persons employed by the Company are not allowed to accept any assignment alongside this position that may be in conflict with the interests of the Company, or could have a detrimental effect on their performance within the Company. All secondary activities of a professional nature and any running of a business operation via an owned company must be disclosed to the HR department and approved by the CEO. The CEO's secondary activities must be disclosed to the Chairman of the Board. Consent for secondary activities are given in writing and kept in the HR department.

New employees are informed about these rules when they first take up their employment, and thereafter reminded of the disclosure requirements annually. The Compliance function makes sure that the reported activities comply with the Company's process for consent to secondary activities on an annual basis. Board members are reminded to report any secondary activities to the Chairman of the Board for consent annually.

## 5.7 Partiality

It is not permitted for **persons employed** by the Company to put their own interests ahead of those of the Company in the performance of their duties. It is also not permitted to use the Company's business opportunities for personal gain. To avoid potential conflicts of interest, employees are not permitted to handle matters or take part in decisions in which the employee, or a person or business closely related to the employee, has a personal interest. How conflicts of interests related to the personal interests of employees should be resolved is described in the process descriptions for the business operation.

Situations may arise where a **board member** has a material personal interest that may conflict with the interests of the Company. For this reason, board members must disclose any potential conflicts of interest related to items on the agenda prior to each board meeting. Members found to be partial in relation to a certain item must not take part in the discussion of this item. How personal interests/partiality issues relating to board members should be resolved is set out in the Working procedure for the Board.

## 5.8 Agreements with persons in certain positions

There are special restrictions relating to the agreements that board members and the CEO, and persons related to them, are able to enter into with the Company's parent company. Movestic Liv, which is an insurance company, is not permitted to enter into agreements on services with any other terms and conditions than those normally applied by the insurance company, nor enter into agreements with terms and conditions that are not of a business-like nature, nor those that benefit persons in leading positions or persons related to them. The category of persons (*Sw: jävskretsen*) includes not only the abovementioned positions within the insurance company, but also the board members and CEO of other undertakings within the same group, and their relatives.

All agreements between Movestic Liv and any person within the abovementioned category, which was preceded by some form of individual negotiation, must be approved by the Board of directors of Movestic Liv and the completed forms designed for this situation shall be kept in the HR department and recorded in a register kept by the same department. Examples of such agreements are insurance policies, tenancy agreements, consultancy agreements, and agreement

of the sale or purchase of property or shares. Persons who belong to the abovementioned category, are reminded annually to report any agreements to the Chairman of the Board for approval.

### **5.9 Information that may affect the share prices of the group's parent company, Chesnara Plc**

Persons employed by the Company must treat as confidential all financial information and other sensitive business information. Some employees can be assumed to have access to information that has not yet been made public and that may be able to impact the market, such as information that may influence the price of shares in Chesnara Plc.

Each employee must sign a general confidentiality agreement before taking up their position. During the Chesnara Close Period, insider lists are drawn up for the Company. The persons included on these lists are issued with written information on a ban on trading with Chesnara's shares during the period in question.

### **5.10 Conflicts of interest related to the control functions**

The Company has hired persons employed by Movestic Liv to carry out the duties of the Risk Control function and the Compliance function. The same persons hold corresponding positions with Movestic Liv, which in itself could increase the risk of conflicts of interest. To deal with this issue, the control functions report directly to the CEO of the respective companies and present direct to board members at all board meetings in both companies. In addition, both companies have decided that persons responsible for control functions will not be offered variable remunerations, which further strengthens their independence from the business operation. These functions should pay particular attention to the risk of conflicts of interest in the performance of their duties. Should a conflict of interest arise between the companies, this should be dealt with by referring the matter to both the CEO of the Company and the CEO of Movestic Liv, to ensure that the interests of both entities are taken into account.

### **5.11 The CEO's representation on the Board of Movestic SICAV**

The fund operation of the Movestic Group is run from Movestic SICAV in Luxemburg. The fund management operation currently handled by the Company consists solely of discretionary management of certain funds included in Movestic SICAV. The Company's CEO is also the unpaid chairman of the board of Movestic SICAV, however the Company does not regard this as a potential conflict of interest, as Movestic SICAV is owned by its shareholders, of which Movestic Liv is the largest.

### **5.12 Conflicts of interest in Movestic's fund operations**

The Company executes portfolio management services in the context of Movestic's fund operations. The funds managed by the Company are mainly distributed within the scope of the insurance products offered by Movestic Livförsäkring AB. This arrangement poses a risk of conflicts of interest. The conflicts of interest that may arise have been documented separately.

Observed conflicts of interest are registered by the Compliance Officer in Movestic Livförsäkring AB in the capacity of parent company.

## 6 Information, handling and reporting

### 6.1 Information from the operations

To enable the Compliance function to maintain up-to-date records of conflicts of interest, all employees must notify the function immediately when new circumstances that could potentially result in conflicts of interest are identified within the operation.

### 6.2 Handling and reporting

It is the responsibility of the CEO to ensure that all identified conflicts of interest are dealt with and, as required, reported to the Board of Directors. Should the Compliance function find that the actions taken to manage conflicts of interest are inadequate, the function shall review the issues identified together with the CEO and monitor any changes made to the Company's routines as a result. If the conflicts of interest are due to shortcomings in this policy, the Compliance shall prepare a proposal for an amended policy for adoption by the board.

In a situation where there is uncertainty on whether a conflict of interest exists or may arise, or where there are questions related to the application of this policy, employees should first turn to the CEO. It is the responsibility of the Compliance function to assist in the identification of a conflict of interest and in the assessment of whether the measures put in place by the Company to avoid the conflict of interest are adequate.

## 7 Documentation

The identification, decision-making and management of all potential and arisen conflicts of interest must be documented and updated regularly. The Company's records of identified potentially significant conflicts of interest are maintained and updated by the Compliance Officer. The Compliance Officer shall also keep a separate log on all decisions taken within the company group that have relevance to the identified conflicts of interest in connection to the fund operations. Such decisions shall be reported to the Compliance function at Movestic Liv by each company according to separate procedures.

## 8 Entry into force and review

This policy has been adopted by the board of directors for Movestic Kapitalförvaltning AB and enters into force immediately upon adoption.

The policy will be adopted annually, even when no amendments have been made to its content. The policy should be reviewed and adjusted as needed over the course of the year, after which it should again be adopted by the board.