

# Conflicts of interest document

## Sparebanken Sør 2021



SPAREBANKEN SØR

<i>Version</i>	<i>Date</i>	<i>Document owner</i>	<i>Proposed by</i>	<i>Decision</i>	<i>Status</i>
1.0	10.02.2021	Director Group Support	Group Management	Board of Directors	Adopted

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## **1 INTRODUCTION**

A conflict of interest arises when personal interests, participation in external activities or business interests could potentially affect decisions employees make on behalf of Sparebanken Sør. These could be attributable to:

- economic interests, for example in a customer or supplier relationship
- positions of trust, similar roles or shareholdings
- close relationships

A conflict of interest could also arise between the authorities' requirements and expectations, the customer's interests, Sparebanken Sør's commercial goals and the owners' expectations.

At Sparebanken Sør we must always endeavour to avoid conflicts of interest. If conflicts of interest do arise, we must be open and manage them in a professional manner.

## **2 DEFINITION OF CONFLICT OF INTEREST**

A conflict of interest is any conflict that arises as a result of incompatible interests or priorities. This means decisions, acts or omissions that could be motivated by interests other than good business practice.

## **3 PURPOSE**

The purpose of this document is to help the Group organise its activities so as to keep the risk of conflicts of interest to a minimum.

This document outlines the measures the Group should take to identify actual and potential personal conflicts of interest and actual and potential conflicts of interest in Sparebanken Sør's various business areas, and how any conflicts of interest should be counteracted and managed. It outlines matters that could result in conflicts of interest, and the measures that have been implemented to counteract conflicts of interest.

This document is also intended to make employees aware of which conflicts of interest could arise.

The document applies to the entire Sparebanken Sør Group and must be adapted by the individual subsidiaries and adopted by their boards of directors.

## **4 GOVERNING DOCUMENTS**

The Bank's strategy documents establish the overall plans for the Bank, and in order to ensure the consistency of the Bank's governing documents there must be a close connection between an overarching strategy document and the complementary and more detailed governing documents.

The governing documents outline strategies for risk management, risk appetite, risk frameworks and risk tolerance for various types of risk.

Conflicts of interest also impact other governing documents and procedures. For an overview of the Bank's various governing documents, please refer to the document "Organisation of risk management at Sparebanken Sør".

## 5 FRAMEWORK CONDITIONS

The Financial Institutions Act, the Financial Contracts Act, the Securities Trading Act, the Personal Data Act and GL 17/11 contain several provisions that indirectly counteract conflicts of interest that are of particular importance to the organisation. The provisions in these laws and regulations are incorporated into the Bank's governing documents, guidelines/policies and case handling rules, and also form the basis for the provisions in the Norwegian Finance Industry Authorisation schemes' "Good advisory practice".

This conflict of interest document establishes the overarching guidelines for handling conflicts of interest. A number of the Bank's governing documents, guidelines/policies and case handling rules establish further specific instructions for individual subjects, where the following are of key importance:

### Governing documents and instructions

- Corporate governance
- Ethics document
- Credit document PM and BM
- Rules of procedure for the Board of Directors
- Outsourcing

### Substrategies

- Gifts strategy
- Sponsorship strategy

### Procedures/policies

- Whistleblowing procedure
- Insider regulations
- Own-account trading procedure
- Primary insiders
- Guidelines for own-account trading
- Risk assessment of changes or establishment of new products, services, procedures, processes and systems
- Purchasing policy and purchasing procedures
- Duty of confidentiality
- Conflicts of interest in connection with financial instruments
- Remuneration schemes

### Manuals

- HR manual

The Bank must be organised in such a way that the risk of conflict of interest is kept to a minimum.

Individual customers/customer groups must not be unreasonably remunerated at the expense of other customers/customer groups.

If the Bank has a special interest beyond general earnings in the case in question that is incompatible with the customer's interests, the customer must be informed of the special interest, so that they can make a reasoned decision as to whether they still wish to sign an agreement for the desired product. Alternatively, the Bank must refrain from making the product delivery. If the conflict of interest is not identified until after the customer agreement has been signed, the customer's interests will have precedence over the Bank's interests.

## **6 WHO IS COVERED BY THE RULES**

All managers, employees, employee representatives, temporary personnel and hired consultants are covered by this document when acting for Sparebanken Sør. In some cases, employees' relationships with their close relatives are also covered, below referred to as "close associates". This means spouses/cohabitants, children, parents and siblings, associations, affiliations and similar where any of these exert a significant influence.

HR prepares a list of employees with shareholdings in companies and any employment relationships outside Sparebanken Sør.

Previous relationships may also be covered by the provisions of this document.

## **7 IDENTIFYING AND ASSESSING CONFLICTS OF INTEREST**

Conflicts of interest must be identified, evaluated and handled through ongoing internal control processes in individual divisions. Depending on the particular division's areas of responsibility, there will be more specific instructions for identifying and assessing conflicts of interest in selected areas. (See framework conditions mentioned in section 5 above.)

Employees who learn about an actual or potential conflict of interest must notify their line manager, and if necessary HR via the Bank's whistleblowing channel. There will also be situations where employees are assigned specific tasks/actions in relation to conflicts of interest. (See framework conditions mentioned in section 5 and e.g. own-account trading procedure.)

The Bank and its employees must endeavour to identify conflicts of interest as early as possible in the decision-making process.

Potential conflicts of interest can arise when:

- the Bank's interests are incompatible with the customer's interests
- the Bank's customers are incompatible with each other
- one customer is prioritised ahead of another customer
- the Bank's suppliers are incompatible with each other
- the Bank's suppliers are prioritised ahead of suppliers more suited to the customer
- the Bank's interests are incompatible with the subsidiaries' interests
- the Bank's employees or employee representatives' interests are incompatible with the interests of the Bank or the Bank's customers
- the Bank's employees or employee representatives have a self-interest
- the interests of the Bank's employees or employee representatives' close associates are incompatible with the interest of the Bank or the customers

The above list is not exhaustive, and each employee is responsible for assessing whether a conflict of interest exists. If employees are in doubt they should consult their line manager, or if necessary HR.

## **8 HANDLING CONFLICTS OF INTEREST**

Conflicts of interest must be managed in such a way that the customers'/suppliers' interests are safeguarded in a satisfactory manner and in accordance with good business practice. In cases where

employees or close associates have or could have special interests, the employee must not process the case.

If conflicts of interest are identified, the party responsible for the activity in question must ensure that assessments are made and decisions are taken so that the conflict of interest is managed in line with the Bank's guidelines. Decisions and follow-up must be documented.

If employees are unsure how to resolve a conflict of interest, they should contact the HR manager.

## **9 MANAGEMENT RESPONSIBILITY, PERSONAL RESPONSIBILITY AND VIOLATIONS**

Individual divisional/group directors are responsible for ensuring that the guidelines in this document are implemented and maintained in daily activities in their own sphere of responsibility. This responsibility encompasses ongoing controls to identify potential situations that could result in conflicts of interest, including whether the guidelines are adequate to prevent the risk of conflicts of interest. If the guidelines are not deemed to be adequate, decisions must be taken to enable the Bank to act in accordance with good business practice.

All managers must ensure that activities in their own area of responsibility take place in accordance with the requirements of this document. Managers are additionally responsible for communicating the guidelines and providing advice about their understanding and application. Managers with responsibility for personnel must ensure that this "Conflict of interest document" and other relevant ethical issues are reviewed with relevant employees at least once a year.

Sparebanken Sør requires all employees to familiarise themselves and perform their work in accordance with the requirements of this document, and of relevant laws, regulations and procedures. Violations may have consequences for employment relationships.

## **10 REPORTING**

The Bank's managers are responsible for ensuring that conflicts of interest are identified and reported to HR.

HR must prepare an annual report on conflict of interest reports, which is submitted to GM.

## **11 CONTROL/MONITORING**

First-line control

The individual business areas prepare their own control plans designed to ensure daily compliance with statutory requirements and governing documents. Annual and ongoing identification and assessment of risk of conflicts of interest provide the basis for first-line control and compliance. Risks are assessed, and controls and any necessary measures are implemented and documented as part of internal control activities.

Second-line control

Compliance forms the second-line defence together with Risk Management, and checks compliance using independent sample testing and assessments.

## **12 DOCUMENT REVISION**

The governing document for conflicts of interest is revised and updated at regular intervals, and adopted at least once a year by the Board of Directors.