

**Rabobank Nederland**

CO Expertise & Operations- Market Abuse, Anti-Corruption and Conflicts of Interest (MAC)



**Rabobank**

# Global Procedure on Conflicts of Interest

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## Information sheet

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# 1 Introduction

Rabobank believes in conducting business fairly. This could be compromised when a Conflict of Interest arises. An actual or potential Conflict of Interest arises where two or more parties (could) have competing interests. Within Rabobank a Conflict of Interests means that acting in the interest of one of the parties can entail not (or not fully) acting in the interest of the other party (parties).

The Global Procedure on Conflicts of Interest (Procedure) further implements the requirements as set in the Global Standard on Conflicts of Interest (Standard) and Global Policy on Conflicts of Interest (Policy). The Procedure contains the following topics: Employee reporting and conflict clearance (§2.1), transaction reporting and conflict clearance (§2.2), Deal Team Members on a transaction containing Confidential but not Inside Information (§2.3). In §2.4 reference is made to a special type of conflict procedure, the tree bidding procedure.

Other relevant documents include the Global Standard on Personal Account Dealing and the Global Procedure on Personal Account Dealing.

## 1.1 Objectives

This Procedure has intentionally been kept as short, clear and readable as possible. Further guidance may be found in Definitions MAC that is made available separately.

The Global Policies, the Global Standards and Global Procedures are primarily based on the requirements as set out in European laws and regulations in respect of Conflicts of Interest, but also considers laws and regulations of other jurisdictions in which Rabobank operates. Note that where stricter regulations apply locally, these will supersede that part of the document they apply to. Contact your Compliance Officer in case of questions or doubts.

## 1.2 Scope

This Procedure is applicable to departments, locations (branches), local Rabobanks and Entities of Rabobank and their Employees.

## 1.3 Key definitions & related documents

To ensure consistency in use of definitions throughout the Global Policy Documents owned by MAC, please refer to the Definitions MAC which is available separately.

The Definitions MAC document also contains an overview of relevant/ related documents and the overview of roles & responsibilities.

## 2 Requirements of the Global Procedure

### 2.1 Employee reporting

Employees must register in the CAFE system their Outside Interests, Gifts (given and received), Hospitality (given and received), Alternative Investments and where applicable Outside Interests of Immediate Family Members, Securities Accounts and real estate.

#### **Outside Interest**

An Outside Interest must be registered and approved by the Employee's manager if it involves any form of (i) remuneration or benefit for the Employee; (ii) the Employee can exercise influence or (c) can determine policy. The manager's approval must also be sought in the event of any changes in the Employee's existing Outside Interest to which an approval has been given. An Outside Interest of an Employee's Immediate Family Member must be registered in CAFE in case such Outside Interest gives rise to a Conflict of Interest with the Employee's function.

In assessing an Outside Interest, the manager should decide whether the Outside Interest leads to the (appearance of) a Conflict of Interest. Such Conflict of Interest or appearance of a Conflict of Interest arises if an Employee in his/her function within Rabobank, is or can be in a position in which he/she is able to influence a decision that can lead to personal gain for the Employee or the (legal) entity with whom the Outside Interest is served. Annex 3.3 provides examples of guidance for the manager to approve Outside Interest of his/her Employees.

#### **Gifts & Hospitality**

The Global Standard on Conflicts of Interest describes the types of Gifts and Hospitality that require approval from the manager.

Annex 3.3 provides examples of guidance for the manager to approve requests from an Employee to give/receive a Gift/Hospitality, in addition to the requirements stated in the Global Standard on Conflicts of Interest.

The Gift, Hospitality and Outside Interest forms entered in CAFE must be reviewed and assessed by the Employee's manager for potential Conflicts of Interest with the Employee's day to day work and the Rabobank as a whole. The Alternative Investment, Securities Account and real estate forms must be reviewed and assessed by the Employee's Compliance Officer with the same objective. Managers can request advice from Compliance Officers via the system.

All assessments must be substantiated by the manager and/or the Compliance Officer. Assessments must take into account that: any Gift, Hospitality, Outside Interest, Alternative Investment or real estate must not impede the Employee's integrity and objectivity in carrying out his/her job at Rabobank. Activities should therefore remain consistent with the expectations on standards of behaviour as set by the Rabobank Group Code of Conduct.

Substantiation of a decision must take into account -and document- potential Conflicts of Interest between the Rabobank and the Gift, Hospitality, Outside Interest, Alternative

Investment or real estate as well as potential Conflicts of Interest between the Employee reporting and the function he or she holds within Rabobank and of course any other specific remarks the Employee makes.

Any decision on a registration by an Employee in the CAFE system must be communicated back to the Employee by either their manager or the Compliance Officer, this may and can be done via the CAFE system.

In case a manager has insufficient information or feels he/she has insufficient information to take a decision, the manager must redirect the request to the submitting Employee (i.e. reject the request with comments or have the Employee add additional information and resubmit).

In case an Employee does not have access to CAFE he needs to contact his Compliance Officer for an alternative solution to register his Outside Interests, Gifts (given and received), Hospitality (given and received), Alternative Investments and where applicable Outside Interests of Immediate Family Members, Securities Accounts and real estate.

Further information and guidance on how to register Outside Interests, Securities Accounts, Gifts & Hospitality, Alternative Investments or real estate is available the FAQ section of CAFE.

## **2.2 Transaction reporting (conflict clearance)**

All wholesale transactions with transaction-specific Confidential Information should be registered by the business in a system assigned for this purpose (e.g. ClientLink for WRR). The registration is done by the deal captain, a manager responsible for a Client transaction or a Client owner involved in the transaction, whichever is applicable.

If such a system is not available, the transaction must be reported to the Compliance Officer without delay. The Compliance Officer will determine if the reported transactions within this department are conflicting with each other. For transactions that require conflict clearance, these transactions will be sent by the Compliance Officer to MAC.

Note that this is irrespective of whether the Client is a publicly listed or privately owned company.

The information on the transaction should include who the Deal Team Members are. Please see §2.4 in the Global Standard on Insiders & Inside information and §2.4 in the Global Procedure on Insider Designation for more information.

### **2.2.1 Continuous: conflict clearance on transactions**

In addition to general Conflicts of Interest per department/ identified in the Identification Assessment, potential Conflicts of Interest may rise in Client's wholesale transactions. Registered/reported wholesale transactions will be conflict checked either manually or automatically.

### *Automated Conflict Check*

The automated conflict check takes place when the wholesale transaction and any change to the transaction details and/or Deal Team Members are registered in a system. The entry of the change into the system will create one or multiple alerts that will be analysed and conflict-cleared by the Relevant Control Room. If a potential Conflicts of Interest is identified, the Relevant Control Room will contact the deal captain and/or the relevant Compliance Officer.

### *Manual Conflict Clearance<sup>1</sup>*

In addition to registering the wholesale transaction in a system, the following types of wholesale transactions require manual conflict clearance from the Relevant Control Room. :

- advisory role on a merger or an acquisition transaction;
- financing role on a merger or an acquisition transaction;
- all capital raising via equity capital markets
- lead manager role in a debt capital markets transaction, which proceeds are to be used for the financing of a merger or acquisition (e.g. issuing shares/bonds to finance an acquisition);
- project finance.

The manual conflict clearance is requested by the deal captain (or his/her delegate within the deal team) to the Relevant Control Room by submitting the completed conflicts check form (as attached to this Procedure in §3.2) when any of the following takes place and before the transaction is registered in a system assigned for this purpose (eg. ClientLink for WRR)

- before signing an NDA
- before responding to a Client's RfP (Request for proposal)
- before a mandate is signed

If the mandate is signed within two months after the NDA has been signed or the RfP was sent to the Client, there is no need for a new manual conflict check for the same transaction.

The Relevant Control Room will analyse the information provided in the form and they may ask further information to the requestor, and then perform a conflict check.

As an outcome of the conflict check, the Relevant Control Room:

- a) provides conflict clearance; or
- b) provides conflict clearance subject to conditions (for example remove staff from a deal team, disclosure to the Client); or
- c) escalates the potential identified conflict to the relevant above Information Barrier manager and Compliance Officer; or
- d) rejects conflict clearance if the identified Conflict of Interest cannot be managed.

For manual conflict clearance, the above Information Barrier manager is the one who sits above the department leading the transaction. For example, if the transaction is led by

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<sup>1</sup> This requirement covers more transactions than what is stated in WRR Engagement Procedure which requires manual conflict clearance only for market sensitivity level 1 transactions.

acquisition finance and involve different Deal Team Members from different countries, the above Information Barrier manager will be the regional/global product head.

The Compliance Officer of the department requesting the conflict clearance is informed of the conflict check result and will be involved in case an escalation is necessary.

## 2.3 Adding Employees to a deal team in transactions containing Confidential Information (not being Inside Information)

When:

- a) a deal captain intends to involve someone from outside the department that is leading the transaction; and
- b) the transaction is confidential but the information does not contain any Inside Information; and
- c) the transaction originates from the following department is one of the following:
  - all WRR departments
  - Corporate Finance Regioteams
  - Local banks (only if tree bidding is involved)

the process as shown the flowchart under §3.1 applies. In this process, the Compliance Officer is notified by the requestor.

When the information to be shared is Inside Information, the Global Procedure on Wall Crossing applies.

### 2.3.1 Requestor

The request must be done by either the deal captain, Deal Team Member, a manager responsible for a Client transaction or a Client owner involved in the transaction. This Employee will be referred to as the requestor. Note that the Employee requested to join the deal team (the requestee) may **not** be informed until the request has been approved.

### 2.3.2 Means of the request

The request must be made via email or another durable medium that is covered by data retention requirements.

### 2.3.3 Content of the request

The request must contain only the necessary information for the recipient to understand the request. This includes at least:

- 1) The name of individual(s) to be added to the deal team;
- 2) The reason for adding this person (i.e. why does this person Need to Know) to the deal team;
- 3) The nature of the Confidential Information to be received by the requestee.



### 2.3.4 Recipient of the request

The request must be sent directly to the requestee's manager with a copy to the Compliance Officer. This manager **must** be an above Information Barrier manager. The above Information Barrier manager is not necessarily the direct manager of the requestee, but he is the local head of department where the requestee works. If the requestor is in doubt whether the requestee's manager is above the Information Barrier, this must be checked with the requestee's Compliance Officer first.

The above Information Barrier manager decides upon and conflict clears the request for the Employee to be added to the deal team.

If the manager rejects the request, the requestor will be informed without delay.

### 2.3.5 Considerations for the requestee's manager

In evaluating the request, the manager must at least include the following aspects:

- whether the requestee's involvement in the transaction will be conflicting with his/her day-to-day work or with his/her involvement in other transactions where he/she works on. For example: in an Acquisition Finance transaction where the Client is a potential buyer and the requestee is from LPG (Loan Product Group). If the manager is aware or plans to involve the requestee in a refinancing deal to the target company, he should reject the request.
- whether the information to be shared with the requestee is in line with the Need to Know principle. For example: if a FAR analyst is requested by M&A to give a sector advise in respect of a transaction (i.e. that M&A will advise Company A to divest their shares in a target company), but the analyst does not need to visit the data room containing detailed Confidential Information on the target nor does he need to receive information on potential buyers from M&A.

### 2.3.6 If agreed by the requestee's manager

If the requestee's manager agrees, the manager informs the requestor of his/her approval. The requestor will then reach out to the requestee to see if the requestee agrees to be added to the deal team. The requestor will exercise caution and provide as little Confidential Information as possible in case the request is denied by the requestee. If the requestee agrees, the requestor will then add the requestee as a Deal Team Member to the transaction.

### 2.3.7 Record keeping

Both deal captain and manager will keep records of all requests, irrespective of whether they are successful. This must be done in line with standard record keeping policies/ procedures.

## 2.4 Information Barrier

Information Barrier, or 'Chinese Wall', defined as a system of organisational, physical, technical and administrative controls used to safeguard the 'Need to Know' principle and to

prevent, control and monitor the exchange of information between Employees performing different activities, are explained and minimum requirements are set forth in the Global Standard on Information Barriers.

The Executive Board is responsible for these Information Barriers on an Entity level. Managers are responsible for identifying, placing and implementing Information Barriers in their department or Entity. Specifically, Management is responsible for making sure that proper controls (including reporting lines) are in place so that their teams can safely handle information. Management should decide which measures are reasonable and proportionate in certain cases. Normally, Information Barriers will at least be placed between:

- Public side; persons who work there only have access to public information;
- Private side; persons who work there, in the ordinary course of their work have access to Inside Information concerning a Client and/or transaction they are working on (see annex 4.1 of the Global Standard on Information Barriers for examples from Wholesale, Rural & Retail (WRR) domain.

Information Barriers may also be placed around a department considered to be part of the private side of the bank. It is up to the Management of such department if setting up an Information Barrier is necessary. Annex 3.4 provides a flowchart that may be used as a guidance for the Management to determine the need to set up an Information Barrier and what type.

## 2.5 Special: tree bidding procedure

Tree bidding occurs when in an acquisition transaction for one target company, Rabobank represents different potential buyers with advisory or financing roles. In such situations please refer to specific tree bidding rules available via the Compliance Officer.

## 2.6 Exception management process

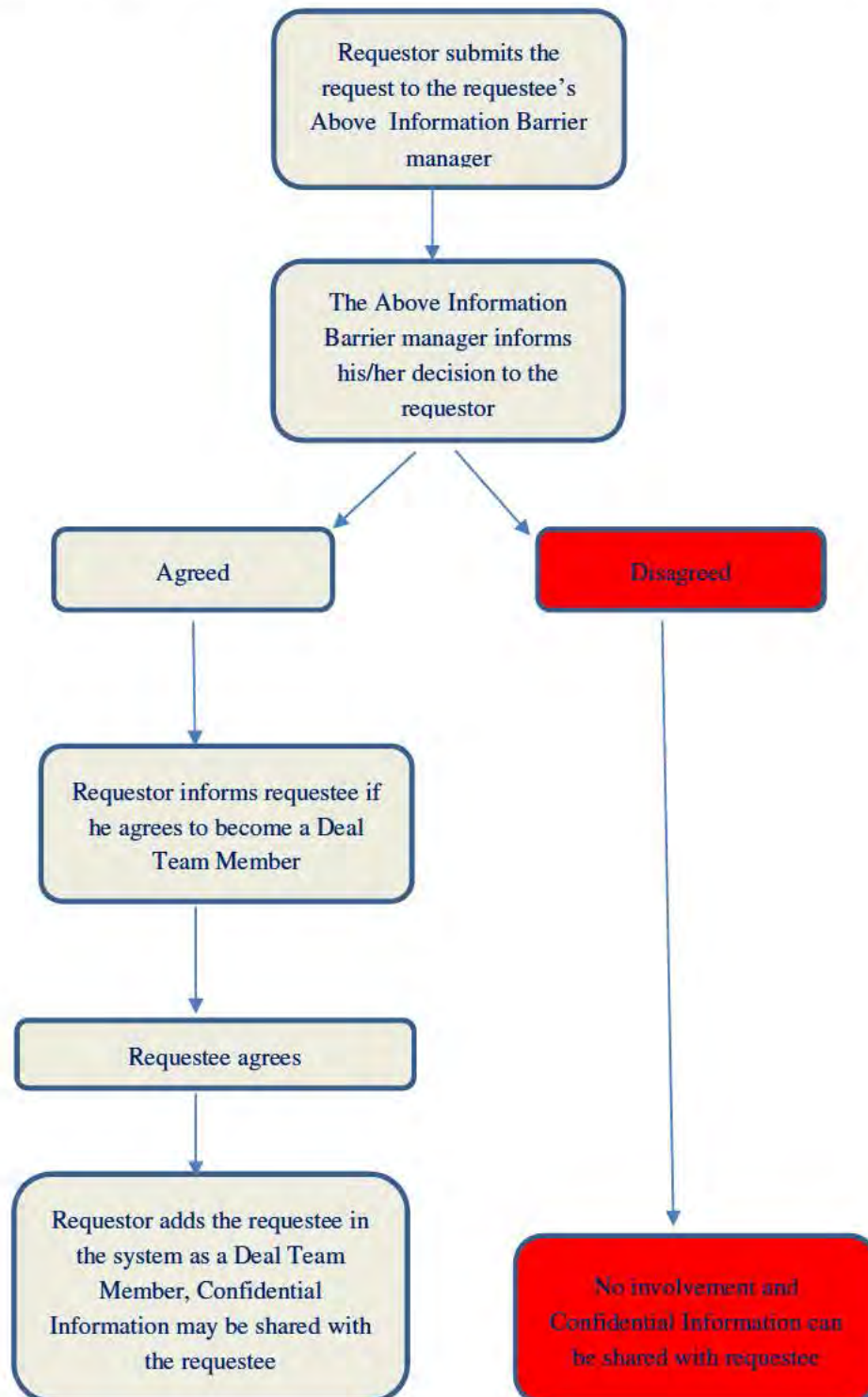
If a Rabobank Entity, department, branch or local bank cannot comply with this Procedure or a part of this Procedure, the Management thereof must apply for a waiver. A waiver is a dispensation provided by the approval body of a Global Policy Document to an Entity or a department from complying with a specific requirement of a Global Procedure relating to a Global Policy Document or with the whole Global Procedure relating to a Global Policy Document. Waivers are granted for specific periods of time or until further notice<sup>2</sup>. See the PPM-policy for a standard waiver form.

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<sup>2</sup> Policies and Procedures Management Policy, v1.0, 06 Jan 2015

### 3 Annexures

#### 3.1 Flowchart for adding Employees to a deal team in transactions containing Confidential Information (not being Inside Information).



## 3.2 Conflicts check form

STRICTLY PRIVATE & CONFIDENTIAL

1. Name of the requestor:

Date of submission:  
department:


2. Project name/ code name:

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3. Client name:

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4. Company / companies involved:

Full Legal Name	Listed?	Place of Listing/ Stock Code	Companies role in the project (seller/potential buyer/target, lender)
1.	Y / N		
2.	Y / N		
3.	Y / N		

5. Description of project (including if exclusivity requirement applicable)

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6. Other companies whose share price may be impacted:

Full Legal Name	Listed?	Place of Listing / Stock Code
1.	Y / N	
2.	Y / N	
3.	Y / N	

Reason:

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7. Rabobank Entities involved:

Name of Rabobank Entity	Role in the project
1.	
2.	

8. Insiders:

Name of Insiders	Department/Business lines	Role in the project (deal captain/Deal Team Member/other insiders) <sup>[1]</sup>

<sup>[1]</sup> Deal captain/Deal Team Members are staff expected to be actively involved in the deal. Other insiders: Employees that are aware of the deal, but not actively involved in it, eg credit committee members. Above the Information Barrier managers do not need to be stated here.

1.		
2.		
3.		

9. Expected date for information to become public

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### 3.3 Examples of guidance to managers in Assessing Employee's request in CAFE

#### Outside Interest

In addition to the requirements in the Global Standard on Conflicts of Interests, the manager needs to take into account the following in his/her decision to approve/approve with conditions/reject an Employee's Outside Interest:

- Is the Outside Interest interfering with the integrity and objectivity of the Employee's job at Rabobank?
- Does the Employee receive any compensation from the party for whom he or she performs the Outside Interest?
- Does the Employee have a function with influence in his/her Outside Interest such as a manager, a member of the supervisory board, supervisor, budget holder, treasurer, etc.?
- What is the Employee's mandate within Rabobank and what is his/her mandate in the Outside Interest?
- To what extent can the Outside Interest expose the Employee to bribery or extortion?
- Is the Outside Interest in a sector which is a sector that Rabobank does not want to be associated with, such as betting, the sex industry or a similar industry?
- Is the Employee a shareholder in the company he/she has the Outside Interest with? Does such shareholding include voting rights?
- Does the Employee need to use his/her working hours at Rabobank to perform his/her Outside Interest?
- Does Rabobank, especially the Rabobank Entity or local bank where the Employee works, have a relationship with the organization in which the Employee foresees an Outside Interest, such as Business Partner, supplier, Client?
- Can the Employee perform his/her function at Rabobank independently from his/her Outside Interest?

The manager can approve/approve with conditions/reject the Employee's Outside Interest. The conditions can be:

- reducing the working hours of the Employee in his/her employment contract
- No attendance/access to certain committee meetings, systems, files, projects within Rabobank
- Immediately inform his/her manager and his/her Compliance Officer as soon as any of the conditions cannot be met

#### Gifts/Hospitality

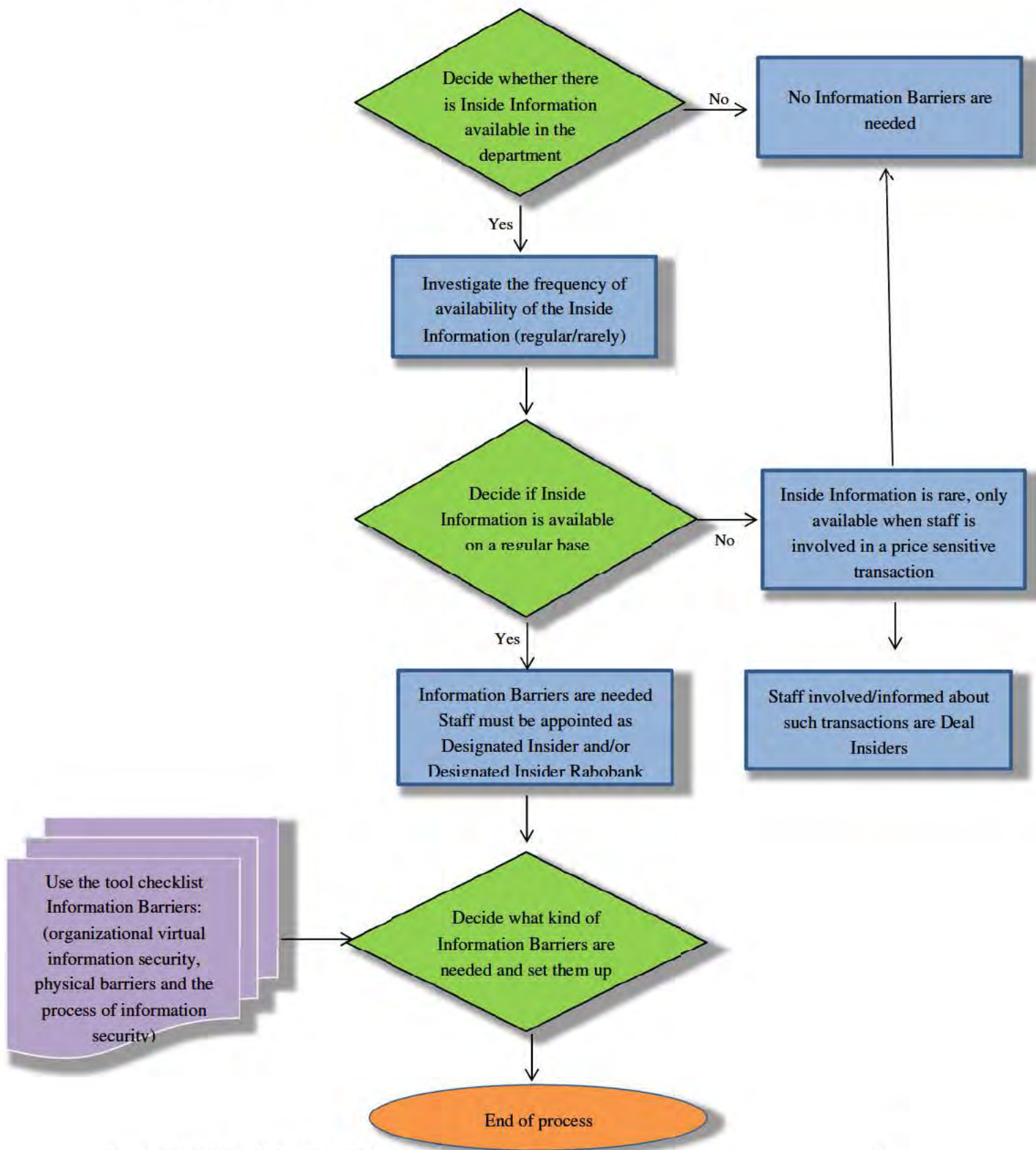
In addition to the requirements in the Global Standard on Conflicts of Interests, the manager needs to take into account the following in his/her decision to approve/reject a Gift or Hospitality:

- The main rule is that a Gift/Hospitality can only be received or provided if it is appropriate, is customary according to the industry practice, in accordance with laws and regulations and does not affect business decisions;

- Do not grant permission for receiving or providing a Gift/Hospitality if in a short term, a decision will be taken in relation to the party giving/receiving the Gift or Hospitality;
- In some cases, culture can play a role in assessing whether a Gift/Hospitality is appropriate. This must be viewed on a case-by-case basis;
- The financial value of the Gift/Hospitality;
- Do not allow the Employee to accept any Gift/Hospitality if conditions are attached or the donor is not known.

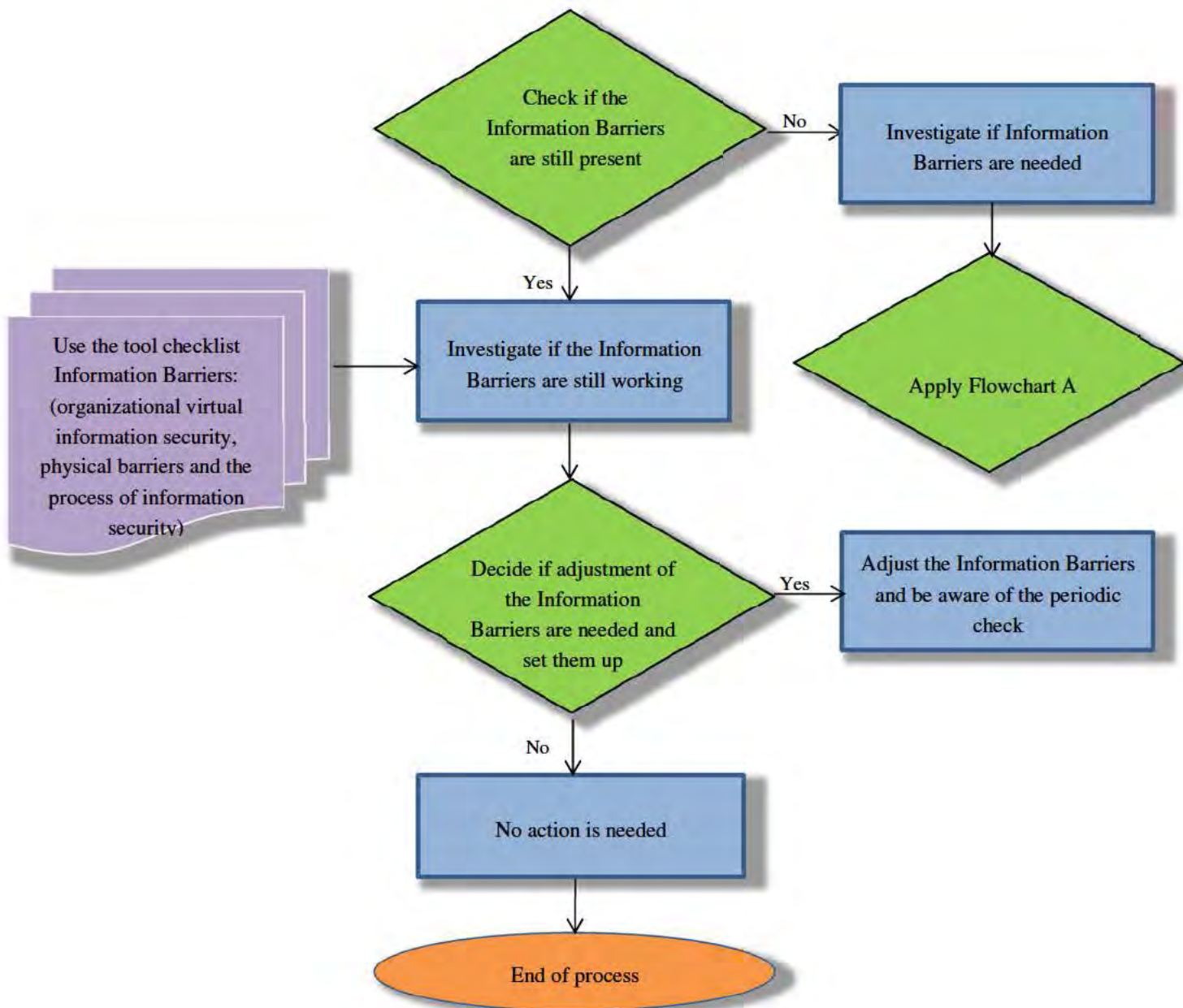
### 3.4 Example of Implementation of Information Barriers

Flowchart A: How to determine if an Information Barrier is necessary





### Flowchart B: periodic check on Information Barriers



## Checklist on Information Barriers

### ORGANIZATIONAL: VIRTUAL INFORMATION SECURITY

- Yes  No Has a digital space (network disk or folder) been set up, which is only accessible to Insiders?
- Yes  No If so, is this space divided into separate spaces per Client?
- Yes  No Only those Insiders or Insiders Rabobank dealing with Price Sensitive Information from this Client have access to the space for this Client?
- Yes  No Are password protected documents used to control access to information in the relevant documents?
- Yes  No Is there a limited accessible environment in the Client system, where only Insiders with access to Price Sensitive Information can work for example?
- Yes  No Is price sensitive email sent with the private label ticked, so that authorized mailbox Insiders or Insiders Rabobank, such as secretaries, cannot read them?
- Yes  No Does the bank deal with Confidential/Price Sensitive Information as described in the various policies and regulations?

### PHYSICAL BARRIERS

- Yes  No Do only Insiders or Insiders Rabobank have access to the space where information is stored on paper?
- Yes  No If so, is adequate key management in place for this space?
- Yes  No Is it determined in which areas this information may be read?
- Yes  No Is it stated that this information should not be copied?
- Yes  No Are checks arranged to determine that all information is in the secure place?

### ORGANIZATIONAL: PROCESS OF INFORMATION SECURITY

- Yes  No Is the functioning of the Information Barrier part of the regular checks within the bank?
- Yes  No Has a 'Confidential KC' and / or 'Confidential Customer Table' been set up, which contains no members more than is strictly necessary?
- Yes  No If so, are the minutes of the 'Confidential KC' and / or 'Confidential Customers' table only stored in the secure environment?
- Yes  No Is information of a fund on the Restricted List only included in BBS if the relevant information is no longer price sensitive?
- Yes  No Is the check mark 'CW' (Chinese Wall) in Siebel or other CRM system ticked for all companies with Price Sensitive Information?
- Yes  No Are all of the companies with Price Sensitive Information granted the status 'Listed' in Siebel or other CRM system?
- Yes  No Is the bank able to set up an Information Barrier in a timely manner when there is Confidential / Price Sensitive Information for a Client or prospect?
- Yes  No Is anyone within the department reporting to a person outside the Information Barrier?