

Rabobank

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



Rabobank

Global Standard 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 mean not (or not fully) acting in the interest of the other party (parties).

The Global Standard on Conflicts of Interest (Standard) further applies the requirements as laid down in the Global Policy on Conflicts of Interest. Paragraph 2.1 provides guidance for Employees to determine if/ where they are facing Conflicts of Interest and how to address these. Furthermore, this Standard includes specific requirements for:

- identifying (§2.2 including Identification Assessments and conflict clearance);
- managing (§2.3 including Gifts & Hospitality, Outside Interest, Alternative Investments, real estate and disclosing); and
- documenting (§2.4)

Conflicts of Interest.

Please note that Global Standards are available on the following subjects related to Conflicts of Interest:

- Information Barriers;
- Insiders & Inside Information;
- Anti-Corruption; and
- Personal Account Dealing.

1.1 Objectives

This Global Standard gives direction on how the Global Policy on Conflicts of Interest (Policy) should be applied and executed.

This Global Standard has deliberately been kept as short, clear and readable as possible. Further explanation of the terminology used can be found in the Definitions MAC (definitions as amended from time to time) that has been made available separately, in this and any other Global Standards and/ or Global Procedures that apply.

The Global Policies, the Global Standards and Global Procedures are primarily based on the requirements stipulated in European laws and regulations. However, the Global Policies, the Global Standards and Global Procedures also take the laws and regulations of other jurisdictions in which Rabobank operates into account. Please note that if stricter regulations apply locally, these will apply in addition to the Global Standard. If you have any questions or doubts, please contact your Compliance Officer.

1.2 Scope

This Standard applies to all departments, locations (branches), local Rabobanks and Entities of Rabobank and their Employees.

1.3 Key definitions & related documents

To make sure definitions are used consistently throughout the Global Policy Documents owned by MAC, please refer to the Definitions MAC which is available separately. The document 'Definitions MAC' also contains a list of relevant/related documents and roles & responsibilities.

2 Requirements of the Global Standard

The requirements describe and elaborate in more detail on the requirements as laid down in the Policy.

2.1 General requirements

Employees must continuously determine if they are in or are heading towards a situation where there could be a (potential) Conflict of Interest ('self-assessment'). In determining whether there is a Conflict of Interest (or if one is likely to occur), each Employee must consider whether there is a risk of financial and/or reputational damage to the Client, Business Partner, Rabobank itself and/ or its Employees, taking into account if any of the aforementioned:

- is likely to make a financial gain, or avoid a financial loss, at the expense of a Client or Business Partner;
- has an interest in the outcome of a service provided to a Client or of a transaction carried out on behalf of the Client, which is distinct from that Client's interest in that outcome;
- has a financial or other incentive to favour the interest of another Client and/ or Business Partner over the interest of the Client and/ or Business Partner;
- carries on the same business as the Client and/ or Business Partner;
- receives or will receive from a third party an inducement in relation to a service (not provided to a Client and/ or Business Partner, in the form of an advantage (such as, but not limited to, money, goods or services).

If the Employee discovers that there is a (potential) Conflict of Interest, this should be discussed with their manager and their Compliance Officer. The Compliance Officer will recommend further steps. In case the (potential) Conflict of Interest concerns Inside Information, this Inside Information should be reported to the Compliance Officer without delay.

Please note that for risk analysis of Business Partners, there is a procedure available, which is attached to the Global Policy on Anti-Corruption.

2.2 Identifying Conflicts of Interest

Three identification tools are described below: Identification Assessments, incident reporting and conflict clearance on transactions.

2.2.1 Identification Assessments

Departments, locations (branches), local Rabobanks and Entities of Rabobank must perform the Identification Assessment annually.

The Identification Assessment must at least include the items from the Rabobank Group Conflicts of Interest Identification Assessment (Annex 5.1 of the Policy).

An Identification Assessment Template is available as Annex 4.1 of this Standard. In case a CRA or similar assessment is done in the same year and covers at least all aspects of the Identification Assessment Template, it may replace the required Identification Assessment.

A copy of the Identification Assessment or its replacement must be sent to MAC. This input forms the basis for the review of the Rabobank Group Conflicts of Interest Identification Assessment.

Management of Rabobank Entities, departments, locations (branches), local Rabobanks and Employees must report realised Conflict of Interest risks or newly identified (ad hoc) Conflict of Interest risks to the Compliance Officer. The Compliance Officer will advise and if necessary, report to the Relevant Control Room. The Relevant Control Room must report material information to MAC.

Any Identification Assessment submitted to Management must be accompanied by an overview/list of occurred risks/Conflicts of Interest incidents since the previous Identification Assessment.

2.2.2 Conflict clearance on transactions

In order to identify a Conflict of Interest in a Client's wholesale transaction, the transaction must be reported to the Relevant Control Room by entering it in a system or sending it by email in accordance with the Global Procedure on Conflicts of Interest.

Wholesale transactions concerning Clients must be 'conflict cleared'. Conflict clearance starts when information about a transaction is either entered into a system or sent by email to the Relevant Control Room. This will result in an alert in case of a potential Conflict of Interests. If a Conflict of Interests has been identified, the Relevant Control Room will decide to either:

- Provide conflict clearance subject to conditions (for example remove staff from a deal team); or
- Reject conflict clearance if the Conflicts of Interest cannot be managed.

For adding Deal Team Members to a transaction, please see the Global Procedure on Conflicts of Interest and/or the Global Procedure on Wall Crossing for more information.

2.3 Managing Conflicts of Interest

Management of Rabobank Entities, departments, branches and local banks must put measures in place to properly manage Conflicts of Interest. The organisational and administrative arrangements made by Management to manage Conflicts of Interest must be sufficient to ensure (with reasonable confidence), that risks of financial and/or reputational damage to Rabobank, Client(s) or Business Partner(s), are prevented.

Examples of measures are:

- physically separating departments to prevent Inside Information being improperly disclosed;
- locking printers so only the person printing can collect the hardcopy information;
- segregation of duties, including in IT-roles;
- not accepting certain Gifts
- a centralized function to register transactions and identify potential Conflicts of Interest;
- denying a request to add an Employee to a deal team if the Employee is in a conflicting position;

- disclosing to a Client the potential Conflict(s) of Interest;
- not providing certain banking services to a Client (ultimum remedium), that could be conflicting.

The measures adopted by Management must be based on and form a logical result of the above-mentioned Identification Assessment. Logically, the comprehensiveness and extensiveness of the measures in place should be in line with the likelihood and impact of the Conflicts of Interest identified. For certain cases (such as Gifts and Hospitality), specific processes have already been put in place. These will be detailed further below.

In case of a Conflict of Interest between different Rabobank Entities, a higher level of management must decide how that particular Conflict of Interest must be managed. The Compliance Officer can be consulted for advice.

2.3.1 Gifts and Hospitality

General

Accepting or offering Gifts or Hospitality is often considered a form of courtesy and is common in everyday business in many countries. However, anti-corruption laws prohibit accepting or offering anything of value to a third party in order to obtain an improper advantage or otherwise unjustly influence (official) action. Generally, Gifts or Hospitality connected with Public Officials is considered to create a higher risk.

Requirements

Gifts or Hospitality, regardless of value, may only be given or received by Employees or Immediate Family Members as a business courtesy, provided such practice is reasonable and proportionate, is consistent with industry practice and is in compliance with local laws and Rabobank policies. Gifts or Hospitality, regardless of value, may not influence a business decision and/or lead to a relationship or dependency or create the appearance of impropriety.

Gifts regardless of value, must never be given or received in the form of cash or cash convertible¹. Gift cards do not per se qualify as cash convertible Gifts, only if they in fact are cash convertible or refundable.

Offering Gifts or Hospitality to Public Officials and accepting Gifts or Hospitality from Public Officials is prohibited, unless a higher level of Management has given specific approval up front. The higher level of Management must contact their Compliance officer for mandatory advice.

Approval by a direct manager must always take place, in any of the following cases:

- If, regardless of the value of the Gift or Hospitality, the Employee has any doubt whether the interpretation of a Gift or Hospitality is reasonable, proportionate, in line with industry practice or if it follows local law or internal regulation and/ or;
- If the value of a Gift or Hospitality exceeds the limit of EUR 100² in total from one donor or recipient in a calendar year and/ or;

¹ This includes electronic currencies such as Bitcoins.

² For other currencies, this must be an approximate / similar value to Euro 100.

- If it concerns giving or receiving Hospitality and this includes travel and/or lodging and the total value exceeds EUR 100.

Employees must get approval and report Gifts or Hospitality that exceed the limit of EUR 100³ in CAFE in a timely manner⁴ and with a proper description and explanation of the reasoning behind the acceptance or the giving of the Gifts or Hospitality.

Employees must confirm all Gifts or Hospitality received and/or given annually or confirm that they have not given or received any Gifts or Hospitality in that calendar year.

The following items are excluded from the requirements as set out above:

- Gifts of minimal value (e.g. pens, notepads or modest desk ornaments) or promotional items of low value that display Rabobank's logo or the giver's logo (e.g. umbrellas, shirts).
- Gifts or Hospitality between colleagues, not paid for by Rabobank Group, that are appropriate for the occasion.
- Customary tombstones, plaques or other comparable decorative items that only commemorate a business transaction.
- Meals, if the following criteria are met:
 - is business related, meaning it has a business purpose such as relationship management, introducing a new product, finishing a long meeting;
 - the value is appropriate to the circumstances, your budget for business expenses or the income from certain Clients may be an indicator;
 - the Employee and third party are both attending;
 - no Immediate Family Members or guests of the parties involved are included.

Members of the Executive Board or the Supervisory Board are not subject to the provisions of this paragraph. Specific rules with respect to Gifts or Hospitality are established in the Regulation for the Executive Board and the Regulation for the Supervisory Board respectively.

2.3.2 Outside Interests

General

Rabobank believes it is important for Employees to take part in social activities outside of their job. However, these activities must not interfere with their integrity and objectivity while carrying out their job at the Rabobank. Any action that triggers the suggestion of a conflict between private and professional interests must be avoided.

Requirements

In principle Outside Interests must not be carried out on Rabobank premises nor must it conflict or interfere with Rabobank's business in any way.

³ As mentioned in the bullet above, this means the limit of EUR 100 in total from one donor or recipient in a calendar year. Reporting takes place if one Gift is more than the EUR 100 or at the moment the EUR 100 limit is reached in a calendar year by accepting or giving another Gift from the same recipient.

⁴ Preferably before giving/accepting Gifts or Hospitality.

Employees may, in principle, not undertake an Outside Interest alongside a position within the Rabobank Group if fulfilling the activity could lead to a Conflict of Interest or the appearance of a Conflict of Interest.

Employees must report Outside Interests before accepting the Outside Interest or starting a job at a Rabobank Entity. The Employee must also report Outside Interests that Immediate Family Members have, which could conflict regarding the Employees day-to-day job.

Employees are held to get prior approval via CAFE from their direct manager before taking on any Outside Interest throughout their period of employment. Employees must give their manager all the relevant information necessary to make a decision.

Employees must inform their direct manager of any changes to (including the termination of) an approved Outside Interest. All changes in circumstances concerning an Outside Interest, including a change of role/ function within Rabobank require the approval by the appropriate manager via CAFE to be reconfirmed.

Employees can get approval for an Outside Interest if they enter such a request in CAFE, in a timely manner including a proper description and explanation of the relevance of the Outside Interest.

Approval (under conditions) or rejection by the direct manager must mention the reasons and must be confirmed in writing. It is possible to grant approvals under certain conditions. Employees must be able to appeal to the aforementioned decision.

If an existing Outside Interest is to continue, after the commencement of employment at Rabobank Employees should immediately get approval for this via CAFE as soon as they take up employment of employment,.

Employees must (if applicable) confirm their Outside Interests annually or confirm that there is no Outside Interest (if applicable).

Outside Interests that are exclusively social and have no risk of Conflicts of Interest do not need to be reported and are excluded from the requirements above. For example organising a fieldtrip for your children's school.

Members of the Executive Board or the Supervisory Board are not subject to the provisions of this paragraph. Specific rules with respect to Outside Interests are established in the Regulation for the Executive Board and the Regulation for the Supervisory Board respectively.

2.3.3 Alternative Investments

General

Employees are allowed to invest in Alternative Investments. Alternative Investments are investments which may not be covered by the description of Financial Instruments. This includes but is not limited to:

- Participations (Dutch CV for example)
- Participations with certificates (such as a windmill park)

- Non-listed Financial Instruments (such as bonds issued by a local hospital (e.g. Princes Maxima Center in the Netherlands));
- Crowdfunding investments

Any Alternative Investment must not interfere with the Employees integrity and objectivity in carrying out his/her job at the Rabobank. Generally, the approval to take on an Alternative Investment will not be withheld without good reason.

Requirements

Employees must determine if taking on an Alternative Investment could lead to a Conflict of Interest or could be interpreted as such. If an Employee determines there is a risk of such a Conflict of Interest, the Alternative Investment must be evaluated by the Compliance Officer (via CAFE). The Compliance Officer will decide whether or not the Employee is allowed to participate in the investment.

2.3.4 Real estate

General

This paragraph is only applicable to Employees of Rabobank Vastgoed and FGH Employees and any other Employees working within real estate focussed teams as appointed by their Management. Real estate investments must not impede these Employees integrity and objectivity in carrying out their job within Rabobank. In normal course, approval for such a real estate investment will not be withheld without good reason.

Requirements

Employees of Rabobank Vastgoed and FGH Employees and any other Employees working within real estate focussed teams as appointed by their Management are required to report their real estate investments in CAFE or inform the Compliance Officer on these investments. This includes but is not limited to their:

- residence;
- ownership of real estate for the benefit of an Immediate Family Member;
- ownership of real estate used for recreational purposes.

Depending on the type of real estate prior approval may be required before investments are allowed, please consult your Compliance Officer for more information.

2.3.5 Disclosure of Conflicts of Interest

Disclosures must be made as soon as possible and in reasonable detail and in a manner sufficient to allow a Client or Business Partner to meaningfully understand the Conflict of Interest and to be able to make an informed decision about whether or not to continue with the (proposed) service. This, at least, entails:

- that disclosures made must be clear and catered to the Client and/or Business Partner relationship, the type of transaction or service and the matter that creates the Conflict of Interest;
- the risks associated with the Conflict of Interest and the steps taken to mitigate the Conflict of Interest;
- include arguments as to why the steps taken to manage the risks are considered sufficient by Rabobank;

- that disclosures are made in such a way that the Client and/or Business Partner has the opportunity to negate or substantially reverse or accept any adverse effect on the Client and/or Business Partner as a result of the Conflict of Interest;
- that the Client and/or Business Partner has a reasonably sufficient period of time to evaluate and act on the information it receives;
- include enough detail for a Client to decide if they wish to continue using Rabobank's services and clearly request the Client to state in writing their decision to not object to such.
- it can be appropriate to make an (initial) verbal disclosure concerning a transaction specific disclosure. However, the disclosure must always be documented and confirmed in writing by the Client and/or Business Partner if the transaction progresses.

The Compliance Officer must be consulted prior to any public and/or Client specific disclosure. The disclosure does **not** relieve Rabobank from the duties described in the Policy and this Standard, it is an additional step. The business may request advice from the legal department.

2.4 Documenting Conflicts of Interests

Management of Rabobank Entities, departments, locations (branches), local Rabobanks and Employees must keep records of:

- performed Identification Assessments or similar;
- Employee related potential Conflicts of Interests in the area of Gifts and Hospitality, Outside Interests, Personal Account Dealing, Alternative Investments and real estate.
- actual Conflicts of Interest that have occurred. These records must, at least include:
 - the steps taken to manage the Conflict of Interests.
 - a description of the parties and reporting Employee involved;
 - the nature of the Conflict of Interests;
 - include the source of the Conflict of Interests;
 - any disclosure made, including the method used and the response from the Client/ Business Partner; and
 - be archived on a durable medium in line with applicable recordkeeping requirements.

2.5 Systems and Controls

- Management must implement CAFE.
- CAFE contains a frequently asked questions document and offers the possibility to request advice from the Compliance Officer.

2.6 Sanctions

Any act by an Employee that goes against this Policy, the related Global Standards and/or the Global Procedures will be considered a significant violation of the Code of Conduct and/or your labour agreement and could lead to sanctions. Sanctions could include, but are not limited to:

- 1) a (written) warning
- 2) a letter in the Employee's personnel file;
- 3) (temporary) relief of duties/ suspension;

- 4) demotion; or
- 5) (immediate) dismissal.

Circumstances will be considered when determining the sanction is imposed. These may include:

1. the severity of the violation;
2. the duration of the violation;
3. the intent and
4. the cooperation upon/in view of discovery of the violation.

If an Employee does not agree with the sanction(s) imposed, the Employee may turn to the locally applicable appeal procedure.

In case of non-compliance, the Competent Authority and/or stakeholders could file administrative, legal or civil cases against the Employee and/or Rabobank.

2.7 Exception management process

If departments, locations (branches), local Rabobanks and Entities of Rabobank cannot comply with a Global Policy Document or a part of the Global Policy Document, 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 Policy Document or with the whole Global Policy Document. Waivers are granted for specific periods of time or until further notice⁵. See the PPM-policy or annexure for a standard waiver form.

The Chief Compliance Officer of Rabobank shall have the power to take a decision in all cases not covered by this Standard.

⁵ Policies and Procedures Management Policy, v1.0, 06 Jan 2015

3 Roles & Responsibilities

For more information on roles and responsibilities, please see the Definitions MAC. Alternatively, please see the Compliance Charter document.

4 Annexures

4.1 Template Identification Assessment



Template
Identification Assessr

4.2 Waiver Template



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