

## Conflict of Interest Policy

### 1 Purpose and scope

When Nordea Group (“Nordea” or the “Group”) provides financial services, and within its business operations, Conflicts of Interest may arise between, *inter alia*, Nordea and its customers, between different functions, units and / or companies within the Group.

This directive sets forth the organisational and administrative procedures to identify and prevent or manage Conflicts of Interest when providing financial services or performing other activities in Nordea. This directive shall be implemented in all parts of the Group taking into consideration any local requirements.

All employees of the Group, including non-permanent staff working on behalf of Nordea, persons involved in the provision of financial services to Nordea under an outsourcing agreement, board members, the President of Nordea Bank AB (publ) and the Chief Executive Officer of Nordea (“Group CEO”), are subject to this directive (the persons subject to this directive are hereinafter referred to as “relevant persons”).

### 2 Definitions

**Conflict of Interest** means a situation in which different parties have interests that conflict with each other. Such conflicts may arise between Nordea and its customers / shareholders / management bodies / board members / employees / suppliers and business partners, between different functions, units and/or companies within Nordea (including managers, employees and tied agents, or any person directly or indirectly linked to them by control) and also between Nordea’s customers. A Conflict of Interest might exist in situations which may not result in actual conflicts of interest but create the perception of a conflict of interest.

**Corporate Finance** means operations consisting of the underwriting of, and other participation in, securities issues or offers for the purchase or sale of financial instruments, financial advisory services in the investment banking field regarding, e.g. mergers, corporate acquisitions, disposals, joint ventures, sales and reorganisations, capital raisings and debt advice and financing especially as regards listed companies, as well as the brokering of contacts between buyers and sellers of financial instruments.

**Nordea Group** means Nordea Bank (AB) (publ) including branches and all its subsidiaries.

### 3 Identification of Conflicts of Interest

Nordea shall identify potential or actual Conflicts of Interest before or when they arise as part of its normal day to day business, taking into account the size and organisation of Nordea and the nature, scale and complexity of its business. In all its activities, Nordea shall act solely in the best interests of the customer, and act honestly, fairly and professionally. Nordea shall ensure that all its relevant staff has the sufficient skills and awareness of what constitutes a Conflict of Interest and what measures are required when a Conflict of Interest has been identified. In addition, Nordea shall ensure that relevant training on Conflicts of Interest is provided on a regular basis.

Below are some examples of situations where Conflicts of Interest may arise and where particular attention is required.

#### 3.1 Conflicts of Interest relating to customers

Conflicts of Interest relating to customers can be broadly described as scenarios where Nordea, an employee a manager or a third-party representative:

- is likely to make a financial gain or avoid a financial loss to the potential detriment of the customer;
- has an interest in the outcome of the service provided to the customer or of a transaction carried out on behalf of the customer, which is different from the customer's interest;
- has a financial or other incentive to favour the interest of another customer or group of customers over the interests of the initial customer;
- conducts the same type of business as the customer; or
- receives or will receive from a person other than the customer an inducement in relation to the service provided to the customer in the form of monetary or non-monetary benefits or services other than the standard commission or fee for the service in question.

*Examples of potential Conflicts of Interests relating to customers:*

- Nordea provides investment research in relation to a company to which it also provides corporate finance advisory services;
- Nordea provides investment advice to a customer in respect of products manufactured by Nordea;
- Nordea provides investment advice to a customer with respect to products manufactured by an entity from which Nordea receives an inducement;
- Nordea provides advisory and financing services to one customer in respect of a transaction and also seeking to provide financing services to another customer in respect of the same transaction;

- Nordea undertakes transactions, e.g. as market maker, in the same instrument as a customer;
- Nordea provides portfolio management services where orders are placed with an affiliated broker or where transactions are allocated between several customers;
- employees engage in personal account dealings in the same financial instruments as a customer; or
- an employee is substantially involved in the management or development of insurance based investment products, in particular where such a person has an influence on the pricing of those products or their distribution costs.

### 3.2 Conflicts of Interest within Nordea's organisation

Conflicts of Interest relating to Nordea's internal organisation can be broadly described as scenarios where an employee's interest in the outcome of a particular activity differs from the interests of Nordea or a unit within Nordea favours its interest over another unit which is inconsistent with the best interest of Nordea.

Below are some examples of practical activities in which a Conflict of Interest may potentially arise:

- an employee (or, where applicable, a family member or close personal relationship) receives a financial or other significant benefit as a result of the employee's position in Nordea that is inappropriate in nature;
- an employee's existing financial or other interest or previous engagement in an activity or relationship with another person, impairs or could impair his or her judgment or objectivity in carrying out his or her duties and responsibilities to the Bank;
- a Conflict of Interest arises in connection with a transaction or arrangement entered into between Nordea and a material shareholder or between entities within the Nordea Group due to the close relationship between the parties;
- an employee in Nordea performing or taking part in external engagement entails a risk that the employee's ability to perform its work in Nordea is affected;
- an employee has the opportunity to influence Nordea, granting business or making administrative and other material decisions in a manner that leads to personal gain or advantage for the employee or a family member or close personal relationship.

## 4 Managing Conflicts of Interest

When potential Conflicts of Interest have been identified they must be properly managed to avoid adverse effects on customers.

Generally, Nordea shall apply a principle of independence whereby employees may not handle matters on behalf of Nordea where he/she or a closely associated person or company may have an interest which conflicts with the interests of Nordea or its customers.

### 4.1 Conflicts of Interest Register

Nordea shall identify and list all circumstances and situations relating to its business activities that may constitute or give rise to Conflicts of Interest in a Conflicts of Interest Register. Senior management shall receive on a frequent basis, and at least annually, written reports on situations registered in the Conflicts of Interest Register.

### 4.2 Policies and procedures

BAs and GFs are obliged to establish, maintain and document procedures to identify, prevent and manage conflicts of interest and, when necessary, issue supplementing instructions to the policies, instructions and guidelines issued by Nordea. In addition, the BAs and GFs are obliged to establish written procedures to identify, assess, disclose and document payments, receipts of any fee or commission or provision of a non-monetary benefit in connection with providing financial services, i.e. inducements.

### 4.3 Segregation of duties and information barriers

Where a Conflict of Interest may arise between two or more BAs or GFs or between customers within Nordea, appropriate steps shall be taken by the BAs or GFs to ensure that the Conflict of Interest does not affect the interests of their respective customers. Each business area and business unit should do likewise in relation to potential Conflicts of Interest that arise between them.

Nordea shall put in place information Barriers and other measures to enable Nordea to carry out business on behalf of customers without being influenced by other information held within Nordea and which may give rise to an actual or potential Conflict of Interest. These arrangements include, inter alia, physical separation and restricted access to information, different reporting lines for different BAs, specific arrangements around investment research, advisory services, portfolio management and Corporate Finance.

Further, employees in one BA shall not unnecessarily be simultaneously or sequentially involved in separate investment or ancillary services or activities where such involvement could impair the proper management of Conflicts of Interest.

### 4.4 Disclosure

If the measures in place are not sufficient to avoid or manage a Conflict of Interest relating to a customer, Nordea will disclose to the relevant customer the general nature and/or sources of the Conflict of Interest and the steps taken to mitigate those risks before undertaking business on the customer's behalf.

The disclosure shall be made in a durable medium and include sufficient detail, taking into account the nature of the customer, to enable that customer to take an informed decision with respect to the service in the context of which the Conflict of Interest has arisen.

Notwithstanding the above, disclosure shall be a measure of last resort that shall be used only where the effective organisational and administrative arrangements established by Nordea to prevent or manage its Conflicts of Interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the client will be prevented.

## **5 Business Area (BA) / Group Function (GF) responsibilities**

It is the responsibility of each BA and GF to implement this directive and adopt and implement supplemental guidelines and routines. The BAs and GFs shall ensure that all relevant employees have awareness of the content of this directive and any supplementing documents and that relevant training is carried out as necessary and on a frequent basis.

## **6 Remuneration**

No direct link shall exist between the remuneration of employees principally engaged in one activity and the remuneration of, or revenues generated by, employees principally engaged in another activity, where a Conflict of Interest may arise in relation to those activities.

## **7 Outsourcing**

Outsourcing its business never releases Nordea from accountability. Nordea shall have in place risk-based systems and controls to assess whether vendors meet the requirements from the legislator and the financial supervisory authorities regarding identification and managing of Conflicts of Interest.

Nordea shall consider potential Conflicts of Interest when outsourcing business internally within the Group.

## **8 External Engagements**

Relevant persons may take part in external engagements, provided that a prior approval for the engagement is received in accordance with this directive. External engagements that might negatively affect the relevant person's work duties or Nordea in general are not allowed regardless if they are performed in the role of an employee, private individual or any other role.

### *Secondary employment*

Employees must obtain approval from his/her immediate superior before taking on secondary employment. The immediate superior should consult Group Compliance prior to making decisions on this.

### *External board directorships*

Employees are prohibited from engaging in external board directorships of:

- Publicly traded / listed companies
- Competitors or financial services related companies

External board directorships in other companies, such as non-profit organisations, associations or family-owned companies must be reviewed and approved on a case by case basis by both the immediate superior and Group Compliance before employees may engage in them.

### *Offshore structures*

Employees are not allowed to have external engagements in offshore<sup>1</sup> structures.

**Any exceptions to the External Engagement rules must be approved by Group Compliance and a member of GEM.**

## **9 Provision of services to persons with potential conflicts of interest**

Legal entities within Nordea may not enter into a credit or other services agreement subject to terms and conditions which differ from those the entity normally applies, or enter into other agreements subject to terms and conditions that are not commercially justified, with or for the benefit of board members or persons who hold a senior position within the entity.

Please refer to Nordea's specific rules regarding handling of agreements with Nordea's employees with a potential conflict of interest (persons with bias) in [Appendix 1](#).

## **10 REPORTING**

Actual and potential Conflicts of Interest, or changed circumstances regarding actual and potential Conflicts of Interest, must be immediately reported to the relevant manager or, for board members and CEO to the chairman of the board.

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<sup>1</sup> A list of what is regarded as offshore countries can be found on <https://www.imf.org/external/NP/ofca/OFCA.aspx>

Consultants or other persons with a temporary assignment for Nordea shall report actual and potential Conflicts of Interest to the manager in Nordea that is responsible for the assignment.

All actual and potential Conflicts of Interests that are reported to the chairman of the board or the CEO shall at the same time be reported to the Group Compliance Officer (GCO).

## **11 SUPPLEMENTAL DOCUMENTATION**

This directive may be supplemented with Group Level or Business Area/Group Function Guidelines, which will outline measures to be taken in Conflict of Interest situations specific to these BAs/GFs.

Any Group Level supplementing Guidelines can be approved by the GCO.

## **12 MISCELLANEOUS**

This Conflicts of Interest Policy shall be reviewed and assessed on an annual basis.

13 December 2017