Conflicts of Interest Policy

1 Purpose and scope

As a global financial services provider, Nordea Bank Abp and its subsidiaries (“Nordea”) face potential or actual Conflict of Interest situations on a regular basis. Conflicts of Interest management is relevant both on individual as well as institutional level in Nordea’s organisation. Nordea is committed to promoting market integrity and fair treatment of customers. All Employees are required to act in a fair, honest and professional manner and in accordance with the best interest of Nordea’s customers. In order to act upon these commitments and ensure appropriate governance of Nordea, it is essential to have effective controls in place regarding Conflicts of Interest. The purpose of this Group Board Directive (“Directive”) is to outline Nordea’s approach to Conflict of Interest management to enable development and maintenance of an effective control environment for Conflict of interest management.

This Directive sets forth the high level organisational and administrative procedures to identify and manage actual and potential Conflicts of Interest in Nordea as part of its corporate governance and business activities. This Directive shall be implemented throughout Nordea taking into consideration any local requirements.

All Employees of Nordea, including non-permanent staff working on behalf of Nordea, persons involved in the provision of financial services on behalf of Nordea under an outsourcing agreement, Senior Management, Group Board members and the Chief Executive Officer of Nordea (“Group CEO”) are subject to this Directive.

1.1 Subsidiaries and branches

This Directive is applicable for all group subsidiaries and branches. However local or business specific external rules may require establishing of additional policies for subsidiaries or branches.

The provisions in the chapter 8. “Roles and Responsibilities” shall be translated so that “Group Board responsibilities” refer to the board of directors of the legal entity, the “Group CEO responsibilities” refer to the legal entity chief executive officer and “GEM” refers to the management team in the legal entity reporting to the chief executive officer. Regarding reporting issues to the “Chief Compliance Officer”, the legal entity related issue reporting shall be done to the compliance officer in charge of the Compliance function in the legal entity. Regarding chapter 4.1.1 “External engagements”, the exceptions shall be approved by the relevant management team member of the legal entity and be reviewed by the compliance officer in charge of the Compliance function within the legal entity. The above mentioned applies only when the issues are internal to the respective legal entity.

2 Definitions

A Conflict of Interest is a situation where competing interests or loyalties can potentially inappropriately influence a decision or activity in Nordea and/or cause detriment to Nordea or one or more of Nordea’s customers.
A **Potential Conflict of Interest** is a reasonably foreseen situation where Conflict of Interest may arise conditional to certain circumstances or events.

An **Actual Conflict of Interest** is a situation where the arising of a Conflict of Interest is not conditional to future circumstances or events.

A **Permanent** Conflict of Interest is a situation where the Conflict of Interest persists and needs to be managed on an ongoing basis.

A **Coincidental** Conflict of Interest is a situation which occurs with regard to a specific event (e.g. a transaction, the selection of service provider, etc.) and which can usually be managed with a one-off preventive or mitigating measure.

An **Institutional Conflict of Interest** means Conflicts of Interest arising with regard to different activities, customers, roles, functions, business lines, legal entities or units in Nordea Group or with regard to external stakeholders including shareholders.

An **Individual Conflict of Interest** means a Conflict of Interest arising with regards to an Employee’s private interest or with regards to their past or present personal or professional relationships. The interest of Closest Family Members shall be included in the review of the Employee’s private interest to the extent that the Employee is aware of the interest.

**Closest Family Member** refers to the Employee’s spouse, registered partner, cohabitee, underage children or step-children (even if not sharing the same household) and grown up children or step-children sharing the same household.

**Principal** means any natural or non-natural person whose financial matters the Employee has legal authority to manage, whether under an agent-principal relationship (for example, a power of attorney) or any other legal basis.

**Employee** means all persons employed by Nordea Bank Abp or its subsidiaries, including non-permanent staff working on behalf of Nordea (e.g. consultants) and persons involved in the provision of financial services on behalf of Nordea under an outsourcing agreement. Members of Senior Management are also included in Employees.

**Senior Management** means the Group CEO, the Deputy CEO and Group Executive Management members.

**Group CEO** means the Chief Executive Officer of Nordea Bank Abp. What is said about the Group CEO is applicable to the deputy CEO when they are acting in that capacity.

**Group Board** means the Board of Directors of Nordea Bank Abp.

**Nordea** means Nordea Bank Abp including all branches and subsidiaries.

**Directive** means this Group Board Directive on Conflicts of Interest.
**Linked Person** means any legal or natural persons directly or indirectly linked to Nordea by control (for example shareholders of Nordea).

**Investment services** refer to investment services or ancillary services as defined in 2014/65/EU on Markets in Financial Instruments (MiFID II).

**Distribution of Insurance-Based Investment Products** refer to activities defined in 2016/97/EU on Insurance Distribution Directive (IDD).

**Foreign Exchange Market Services** refer to services in scope of application of Global FX Code 2018.

### 3 Identifying Conflicts of Interest

Identifying and managing Conflicts of Interest is a central requirement for Nordea as a financial institution. A Conflict of Interest can arise in the context of Nordea’s different services, activities, roles, customers, Employees, Senior Managers, board members, functions, business lines, subsidiaries and other related legal entities, with regard to external stakeholders or any other parties. Both Potential Conflicts of Interest and Actual Conflicts of Interest are required to be identified and addressed according to this Directive.

#### 3.1 Individual and Institutional Conflicts of Interest

Conflicts of Interest arising with regards to an Employee’s private interest or with regards to their past or present personal or professional relationships are defined *Individual Conflicts of Interest*. The interest of Closest Family members or Principals shall be included in the review of the Employee’s private interest to the extent that the Employee is aware of the interest. Past professional or personal relationships from the period of last five years shall be considered relevant in assessing whether an Individual Conflict of Interest arises. Individual Conflicts of Interest can arise between Nordea and an Employee, between different Employees, between an Employee and their manager or between an Employee and third parties like Nordea’s customers, vendors, service providers etc.

Conflicts of Interest not arising from private interest, but in connection to Nordea’s organisation, group structure, governance, different activities, roles, products, services or any other circumstances are defined as *Institutional Conflicts of Interest*. Institutional Conflicts of Interest can arise with regard to individual persons as well as larger groups of people or units, decision-making bodies, legal entities or other non-individuals. Institutional Conflicts of Interest may also arise with regard to any external stakeholders like customers, shareholders, sourcing partners, service providers including any Linked Persons. When a Conflict of Interest arises between the different roles and responsibilities assigned to an Employee within or by Nordea, the Conflict of Interest is an Institutional Conflict of Interest even though it affects an individual Employee. Also Conflicts of Interest arising between two or more of Nordea’s customers are Institutional Conflicts of Interest.
The division between these two categories is made in order to ensure that the procedures for managing the different types of situations are proportional to the nature of the Conflict of Interest and its potential impact on Nordea or Nordea’s customers.

3.2 Conflicts of Interest potentially detrimental to customers
To ensure fair treatment of customers and Nordea’s services and products being aligned with the customer’s needs and best interest, it is important to identify which Individual or Institutional Conflicts of Interest could be potentially detrimental to customers. In connection to each identified Conflict of Interest the potential customer impact shall be assessed. The development of products shall include a review of Conflicts of Interest especially considering the risks to customers.

4 Managing Conflicts of Interest
All Potential or Actual Conflicts of Interest must be identified and appropriate preventive or mitigating measures must be implemented in the form of effective organisational and administrative measures. In order to have appropriate procedures in place to address both Individual and Institutional Conflicts of Interest, this chapter is divided according to these categories. Both categories of Conflicts of Interest can entail risk of detriment to Nordea or Nordea’s customers.

4.1 Managing Individual Conflicts of Interest
When an Actual or Potential Individual Conflict of Interest has been identified, a materiality assessment shall be conducted. The materiality assessment shall include a review of any potential detrimental effects the Conflict of Interest may entail for Nordea or Nordea’s customers. Also potential reputational risks shall be taken into consideration as part of the assessment.

For all material Individual Conflicts of Interest and any Conflict of Interest posing a risk of detriment to one or more of Nordea’s customers, effective preventive or mitigating measures shall be decided upon and implemented. Group Compliance shall be consulted before the decision-making at least regarding material Conflicts of Interest. It should also be assessed whether the Individual Conflict of Interest is Permanent, requiring ongoing preventive or mitigating measures or Coincidental, meaning that it can be managed with a one-off measure.

Nordea applies a principle of independence meaning that Employees shall not handle matters on behalf of Nordea where he/she or a Closest Family Member, a Principal or otherwise closely associated person or company who/which may have an interest which conflicts with the interests of Nordea or its customer.

4.1.1 External engagements
Nordea supports its Employees contributing to society or being otherwise active in external engagements outside of their employment in Nordea. Still it is important for Nordea to ensure that Employees’ external engagements do not give rise to Conflicts of Interest or negatively affect the Employees’ work duties, capabilities or Nordea in general. To ensure this, the Employees’ external engagements are subject to a pre-
approval by the immediate manager and any non-approved external engagements are prohibited. Employees are not allowed to have external engagements in offshore structures. Each Employee is responsible for seeking approval for their external engagements prior to engaging in them. The external engagement approval shall be reviewed annually. Group Compliance shall be consulted prior to granting approval.

Engagements that the Employees are assigned based on their Employment in Nordea are not considered external engagements, but as part of Nordea’s governance where Conflicts of Interest are to be managed as part of Institutional Conflicts of Interest management. Any exceptions to the External Engagement rules must be reviewed by Group Compliance and approved by the member of GEM responsible for the BA/GF where the Employee is employed.

*External board directorships related additional requirements*

Employees shall not engage in external directorships of publicly traded / listed companies, competitor companies or other financial services related companies. External directorships in other entities, such as non-profit organisations, associations or family-owned companies must be reviewed and approved on a case by case basis by the immediate manager before the Employee is allowed to engage in the role. The immediate manager shall consult and involve Group Compliance in the review phase.

4.2 **Managing Institutional Conflicts of Interest**

Conflict of Interest management is a central aspect to consider in changing or designing new organisational structures, activities, products or services within Nordea. The established organisational structures, reporting lines and other governance arrangements shall be designed to support effective Conflict of Interest management.

When an Actual or Potential Institutional Conflict of Interest is identified, the situation shall be assessed to identify risks that it poses to Nordea or Nordea’s customers including reputational risks. After assessing the risks, adequate preventive or mitigating measures shall be decided upon. Group Compliance shall be consulted each time before the decision-making. The organisational and administrative measures shall be implemented in an effective manner to prevent or mitigate the risk of damage to Nordea or one or more of Nordea’s customers.

5 **Documentation**

Nordea shall have a Conflict of Interest register to record the identified Conflicts of Interest.

- Identified Institutional Conflicts of Interest shall be documented in a register describing the kinds of services, roles, activities or any other aspects that may

---

1 A list of what is regarded as offshore countries can be found on https://www.imf.org/external/NP/ofca/OFCA.aspx.
give rise to an actual or potential Institutional Conflict of Interest. The records shall include a description of effective measures to manage the situation.

- Identified Individual Conflicts of Interest shall be recorded in a register including a description of the effective measures to manage the situation.

The documentation of all Conflicts of Interest shall include a statement on whether the Conflict of Interest has potential customer impact. Where relevant and in accordance with paragraph 6 of this Directive the record shall also include information regarding disclosure to customers.

The recorded items are to be reviewed at least annually to ensure up to date documentation. The annual review shall include each BA/GF and legal entity reviewing their activities, products and services to identify new or previously unidentified Conflicts of Interest.

Each Employee shall be aware of the identified Conflicts of Interest and agreed preventive or mitigating measures that are relevant for his or her role and duties.

6 Disclosure to customers

When Nordea is providing Investment services, engaging in Distribution of Insurance-Based Investment products or Foreign Exchange Market Services it is possible to encounter situations where the available organisational or administrative measures are insufficient to ensure the avoidance or risk of detriment to Nordea’s customers. In this situation, Nordea shall disclose to the relevant customers the general nature and sources of the Conflict of Interest and the steps that have been taken by Nordea to mitigate the risks.

Disclosure in the above-mentioned situations 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 insufficient to ensure, with reasonable confidence, that risks of damage to the interests of the customer(s) will be prevented. The disclosure shall be made in written format (or in recording) and explain the risks in a sufficiently detailed manner considering the nature of the customer in order to enable the customer to make an informed decision regarding the offered products or services.

When Nordea is engaged in services or activities other than the above listed services or activities, disclosure of Conflict of Interest may be used to ensure fair treatment of customers and to help customers make informed decisions.

7 Reporting

All identified Individual Conflicts of Interest or changed circumstances shall be reported to the manager of the individual Employee involved. All Actual or Potential
Conflicts of Interest or changed circumstances regarding an Institutional Conflict of Interest shall be reported to the manager responsible for the area the Conflict of Interest potentially impacts.

Consultants or other persons with a temporary assignment for Nordea shall report identified Individual or Institutional Conflicts of Interest to the manager in Nordea that is responsible for their assignment.

Senior Management shall receive recurring and at least annual reporting on the Institutional Conflicts of Interest identified in Nordea. The Group Board shall receive information relevant for overseeing the effective implementation of this Directive. This includes information on Institutional Conflicts of Interest that have potential group level impact.

8 Roles and responsibilities

8.1 Group Board
The Group Board is responsible for overseeing the implementation of this Directive.

To ensure that the decision making is objective and impartial, also the Group Board and each Group Board member is subject to the requirements of this Directive. The Group Board members shall proactively identify any Actual or Potential Conflicts of Interest and disclose such a Conflict of Interest immediately to the chairman of the Board and recuse themselves from decision-making regarding matters where a Conflict of Interest could have any impact. In identifying and assessing Conflicts of Interest, the perception of Conflicts of Interest shall also be considered.

The initial and ongoing assessment of suitability of members of the Group Board is done according to the Group Board Directive on Suitability. Also within the suitability assessment process Actual and Potential Conflicts of Interests are identified and assessed. In case material Conflicts of Interest are found, adequate preventive or mitigating measures are decided on by the chairman of the Group Board and required disclosures are made to the relevant supervisory authorities. All identified Conflicts of Interest in relation to the Group Board or individual Group Board members shall be documented.

The external engagement related requirements in this Directive do not apply to Group Board members. Members of the Group Board shall not hold directorships in companies that are in competition with Nordea, unless the company in question is within the scope of prudential consolidation with Nordea.

Each material Conflict of Interest shall be reported to the Chairman of the Board and to the Chief Compliance Officer.

8.2 The CEO and Group Executive Management (“GEM”)
The CEO of Nordea and the heads of Business Areas (“BA”) or Group Functions (“GF”) in GEM are accountable for ensuring that this Directive is implemented in
each BA/GF. This includes ensuring that the activities and functions in different BAs/GFs are arranged in a way that promotes effective Conflict of Interest management, objective decision-making and avoidance of detriment to Nordea or Nordea’s customers. Each head of BA/GF is responsible for ensuring that all Employees in their respective BA/GF have sufficient skills and awareness to identify Conflicts of Interest and take the required action to address the situations appropriately. Each BA/GF head shall ensure that relevant training on Conflicts of Interest is provided on a regular basis to Employees.

The CEO in GEM is responsible for overseeing that further guidance and establishing of relevant procedures and processes for identifying, managing and documenting Institutional and Individual Conflicts of Interest are coordinated on group level to ensure that risks are managed in a consistent manner and that cross BA/GF Institutional Conflicts of Interest are identified and managed appropriately.

The CEO of Nordea and each GEM -member are responsible for proactively identifying Actual or Potential Individual Conflicts of Interest that could impact on their duties and capability to make sound and objective decisions according to their role. Each GEM-member shall report immediately to the CEO regarding an identified Individual Conflict of Interest. The CEO shall report immediately to the Chairman of the Group Board upon identifying an Individual Conflict of Interest.

Each material Conflict of Interest reported to the chairman of the Group Board or to the CEO of Nordea shall be at the same time reported to the Chief Compliance Officer.

9 Provision of services to persons closely associated with Nordea

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 Group Board members or persons who hold a Senior Management position within the entity.

11 December 2019