

Conflicts of interest policy

1 Purpose and scope

As a global financial services provider, the Nordea Group (“Nordea”) faces both actual and potential Conflicts of Interest on a regular basis.

This Directive sets forth the organisational and administrative procedures to identify and prevent or manage actual and potential 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 Abp 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 “Employees”).

1.1 Subsidiaries and branches

This Directive shall be implemented and complied with by all Group Subsidiaries, unless legal or supervisory requirements determine otherwise (if applicable, as stated in the amendment appendix to this Directive).

Directly Governed Group Subsidiaries shall when adjusting and adopting this Directive comply with all applicable requirements under EU and national law.

1.2 Principle of proportionality

The principle of proportionality is not applicable to this Directive.

2 Definitions

Coincidental Conflict of Interest means a situation which occurs unexpectedly with regard to a single event (e.g. a transaction, the selection of service provider, etc.) and which can usually be managed with a one-off measure.

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.

Directorship means a position as a member of the board of directors of an institution or a legal entity.

Investment Services means investment services and ancillary services as defined in 2014/65/EC on Markets in Financial Instruments (MiFID II Directive) and foreign exchange market services covered by the FX Global Code.

Nordea Group means Nordea Bank Abp including branches and all its subsidiaries.

Permanent Conflict of Interest means a situation where a Conflict of Interest persists and needs to be managed permanently.

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 in the best interests of the customer, and act honestly, fairly and professionally. Nordea shall ensure that all its Employees have 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 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 Group;

- 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 (personal or professional) between the parties;
- an Employee in Nordea performing or taking part in external engagement, entails a risk that the Employee's ability to perform his/her 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;
- an Employee's personal or professional relationship with an external stakeholder (e.g. material suppliers, consultancies or other service providers) impairs or could impair his or her judgment or objectivity in carrying out his or her duties and responsibilities to Nordea;
- an Employee's economic interests (e.g. shares, other ownership rights and memberships, financial holdings and other economic interests in commercial customers, intellectual property rights, loans granted by Nordea to a company owned by staff, membership in a body or ownership of a body or entity with conflicting interests) causes a Conflict of Interest to occur;
- a Conflict of Interest arises because of an Employee's other employment or previous employment within the recent past (e.g. five years); and
- a Conflict of Interest arises because of an Employee's political influence or political relationships.

3.2 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 participating in insurance distribution activities is substantially involved in the management or development of insurance-based investment products, in particular where the person has influence on the pricing of those products or their distribution costs.

4 Managing Conflicts of Interest

When an actual or potential Conflicts of Interest has been identified Nordea must properly assess and manage the Conflict of Interest to avoid adverse effects on customers. A materiality assessment shall be carried out, and appropriate mitigating measures shall be actioned if necessary.

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 all circumstances and situations relating to its business activities that may constitute or give rise to an actual or potential Conflict of Interest. All material Conflicts of interests shall be listed in a Conflicts of interest register as well as all Conflicts of interests related to Investment services or distribution of insurance-based investment products entailing a risk of damage to one or more customers. The register shall differentiate between Permanent Conflicts of Interest and Coincidental

Conflicts of Interest. 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

Business Areas (“BAs”) and Group Functions (“GFs”) are obliged to establish, maintain and document procedures to identify, prevent and manage actual and potential Conflicts of Interest and, when necessary, issue supplementing instructions to the Group Internal Rules 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 an actual or potential Conflict of Interest arises 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 shall include, physical separation, technical separation (i.e. limited access to IT-system and filed information), separate organisational structures and reporting lines and frameworks, procedures and internal controls.

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

In providing Investment services or distributing insurance-based investment products it is possible to encounter a situation where the measures available for Nordea are not sufficient to avoid or manage a risk of detriment to the customer arising from a Conflict of Interest. 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

Remuneration arrangements in Nordea shall not give rise to conflicts of interests. The remuneration of an employee or function shall not be directly linked to the performance of another employee or function that is engaging in activities where a potential conflict can arise between these 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 also consider actual or potential Conflicts of Interest when outsourcing business internally within the Group.

8 The Group Board and the Group Executive Management (GEM)

Nordea's Group Board and members of GEM must be aware that Conflicts of Interest to which they are exposed can have an impact on their independence, and consequently must pay special attention to any perceived, potential or actual Conflicts of Interest that may impede their ability to take objective and impartial decisions that aim to fulfil the best interests of Nordea. As such, Nordea Group Board and members of GEM are subject to the requirements of this Directive.

Nordea's Group Board and members of GEM must generally act in the best interest of the Nordea Group and must ensure that business decisions are unaffected by potential or actual Conflicts of Interest in order to ensure that appropriate business decisions are made. Nordea's Group Board and members of GEM must therefore proactively identify Conflicts of Interest resulting from their position and openly disclose such a potential or actual Conflict of Interest as soon as the issue arises. In particular, this means refraining from any action that might be detrimental to Nordea.

The initial and ongoing assessment of suitability of members of the Group Board and the members of GEM in Nordea is done according to the Group Board Directive on

Suitability. Within the suitability assessment process also actual, potential and perceived conflicts of interests are identified, assessed and in case material conflicts of interests are found, adequate preventive or mitigating measures are decided on and required disclosures are made to the supervisory authorities.

Members of the Group Board shall not hold directorships in institutions that are in competition with Nordea, unless the institution in question is within the scope of prudential consolidation with Nordea.

9 External Engagements

Employees 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 Employee's work duties or Nordea in general are not allowed regardless if they are performed in the role of an Employee, private individual or in any other role.

Secondary employment

Employees must obtain approval from their 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 directorships of:

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

External 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 manager and Group Compliance before Employees may engage in them. The employee is responsible for notifying their manager in case a potential or actual conflict of interest arises after the approval has been granted for the external engagement. The manager shall initiate a review of the external engagement and consult Group Compliance in the review. The review shall include the manager's decision on appropriate measures adopted to prevent or manage the conflict of interest.

Offshore structures

Employees are not allowed to have external engagements in offshore¹ structures.

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

10 Provision of services to persons with potential Conflicts of Interest

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

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 financing and investment agreements relating to relevant persons or certain other persons and including a potential Conflict of Interest (close circle).

11 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.

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).

12 Supplemental documentation

This Directive may be supplemented with Group Level or BA/GF 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.

13 Miscellaneous

This Directive shall be reviewed and assessed on an annual basis.

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