

## Conflicts of Interest Policy

### 1 Purpose and scope

As a global financial services provider, Nordea Bank Abp and its subsidiaries (“Nordea”) face Conflict of Interest situations on a regular basis. All Employees are required to act in a fair, honest and professional manner and in accordance with the best interest of Nordea’s customers. As such, it is essential to have effective controls in place to manage Conflicts of Interest. The purpose of this Group Board Directive (“Directive”) is to outline Nordea’s approach to Conflict of Interest management to facilitate an effective control environment.

This Directive sets forth the high level organisational and administrative procedures to identify and manage Conflicts of Interest in Nordea as part of its corporate governance and business activities.

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.

Specific interpretations of the Directive for subsidiaries and branches are as follows:

- Chapter 5.1.1 “External engagements”: any exceptions shall be approved by the relevant management team member of the legal entity and be reviewed by the head of the Compliance function within the legal entity.
- Chapter 6 “Documentation”: The provisions regarding how to document Conflicts of Interest include specific requirements for subsidiaries on providing registers for group level aggregating of information.
- Chapter 7 “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 “GLT” 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 head of the Compliance function in the legal entity.

The above mentioned applies only when the issues are internal to the respective legal entity or mainly impact the legal entity.

## 2 Definitions

A **Conflict of Interest** is a situation where competing interests or loyalties could potentially inappropriately influence a decision or activity in Nordea and/or cause detriment to Nordea or one or more of Nordea's customers. This includes both potential and actual Conflicts of Interest.

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

A **Non-permanent Conflict of Interest** is a situation that exists during a specific period of time or regarding a specific activity or decision and needs to be managed on a case by case basis.

An **Individual Conflict of Interest** is a Conflict of Interest arising with regards to a named individual Employee's or Group Board member's private interest or with regards to their past or present personal or professional relationships. The interests of Close Family Members are included in this scope, to the extent that the Employee is aware of them.

An **Institutional Conflict of Interest** is any Conflict of Interest that arises in connection with Nordea's business activities. These can relate to different services/products, customers, roles, functions, business lines, legal entities or units in Nordea Group or with regard to external stakeholders including shareholders.

**Close Family Member** refers to the Employee's spouse, registered partner, cohabitee, children or step-children (even if not sharing the same household). This includes also any dependants or Principals of the Employee their spouse, registered partner or cohabitee.

**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.

**Managing Conflicts of Interest** is defined as implementing measures that either prevent or mitigate the risks that the Conflict of Interest poses for Nordea or Nordea's customers.

An **External Engagement** is a secondary occupation, a board directorship or other comparable role for an Employee that includes responsibilities towards another company, association or other type of entity that is not part of Nordea. Any positions appointed to Employees by Nordea are not considered External Engagements.

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

**Group CEO** means the President of Nordea Bank Abp and Chief Executive Officer of the Nordea Group. 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 qualifying 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 Categories of Conflicts of Interest

Conflicts of Interest are separated into two categories to ensure appropriate and proportional management: Individual and Institutional Conflicts of Interest.

#### 3.1 Individual Conflicts of Interest

Conflicts of Interest arising with regards to a named individual Employee's or Group Board member's private interest or past or present personal or professional relationships are defined *Individual Conflicts of Interest*. The interest of Close Family members or Principals of the Employee is included in the scope 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 two years shall be considered relevant in assessing whether an Individual Conflict of Interest arises.

Individual Conflicts of Interest can arise between an Employee (or Group Board member) and Nordea, between different Employees (including the People Leader) or between an Employee and third parties like Nordea's customers, vendors, service providers etc. Individual Conflicts can be *Permanent* or *Non-Permanent*.

#### 3.2 Institutional Conflicts of Interest

Conflicts of Interest that arise in connection with Nordea's business activities are defined *Institutional Conflicts of interest*. These can arise with regard to different

activities, financial services, customers, roles, functions, business lines, legal entities or units in Nordea Group or with regard to external stakeholders including shareholders.

Nordea provides many different services, and as a result there is an inherent Conflict of Interest risk that needs to be managed on an ongoing or recurring basis. These Institutional Conflicts of Interest are thus considered Permanent as the circumstances persist or recur during the course of Nordea's business activities.

Certain Institutional Conflicts of interest arise on a case by case basis. These Non-Permanent Conflicts of Interest are situations that exist during a specific period of time or regarding a specific transaction or decision and need to be addressed specifically each time.

Institutional Conflicts of Interest can arise:

- involving individual persons as well as larger groups of people or units, decision-making bodies, legal entities or other non-individuals.
- with regard to any external stakeholders like customers, shareholders, sourcing partners and service providers including any Linked Persons.
- between the different roles and responsibilities assigned to an Employee within or by Nordea, (For clarity the Conflict of Interest is an Institutional Conflict of Interest even though it affects a named individual Employee as these issues do not stem from the individual Employee's personal interest.)
- between two or more of Nordea's customers.

The list is non-exhaustive.

#### **4 Materiality of Conflicts of Interest**

Each Conflict of Interest shall be assessed for materiality purposes (as either material or non-material). Materiality is to be assessed inherently i.e. before any preventive or mitigating controls are assigned.

Materiality is dependent on the risk of detriment that it poses to Nordea or Nordea's customers. A Conflict of Interest shall be deemed material where it is not insignificant and could cause probable:

- detriment to one or more of Nordea's customers, or
- financial loss or liability for Nordea.
- reputational risk for Nordea.

Assessing a Conflict of Interest as material, as described above, requires an assessment of the situation in order to mitigate the Conflict of Interest (see chapter 5 below).

## 5 Managing Conflicts of Interest

Managing Conflicts of Interest is defined as implementing measures that either prevent or mitigate the risks that the Conflict of Interest poses for Nordea or Nordea's customers.

When a Conflict of Interest has been identified, a materiality assessment shall be conducted based on principles on chapter 4. For all material Conflicts of Interest, effective measures to prevent or mitigate the risk shall be decided upon and implemented. Preventive measures should always be considered first and only if the Conflict of Interest can't be fully prevented, mitigating actions should be assigned to reduce risks related to the Conflict of Interest. Group Compliance shall be consulted before deciding on the preventive or mitigating measures or risk acceptance. The risk acceptance decision should be documented in the Conflict of Interest register (see chapter 6). Risk acceptance is not possible for material Conflicts of Interest and such issues shall always be prevented or mitigated effectively. In case the available measures will not fully mitigate the risks related to material Conflicts of Interest, it is possible that disclosure is required. Please see section 5.2 for Customer disclosure. Ultimately, there may be situations where the Conflict of Interest simply cannot be mitigated appropriately, even with customer disclosure. In such cases, the event that is causing the Conflict of Interest will not be permitted.

It should also be assessed whether the Conflict of Interest is *Permanent*, requiring ongoing or recurring preventive or mitigating measures or *Non-Permanent*, meaning that it can usually be managed with a one-off measure. This aspect is important as Permanent Conflicts of Interest need to be followed up at least annually to ensure effective mitigating or preventive measures continue to be in place.

In order to adhere to the measures to manage 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.

### 5.1 Managing Individual Conflict of Interest regarding 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, External Engagements are subject to a pre-approval by the People Leader. Any non-approved External Engagements or External Engagements in

offshore structures<sup>1</sup> are prohibited. Each Employee is responsible for seeking approval for their External Engagements prior to engaging in them. The approval shall be reviewed annually. BA/GF Compliance shall be consulted prior to granting approval.

Roles or positions that Employees are assigned based on their employment in Nordea are not External Engagements, but part of Nordea's governance in which the corresponding Conflict of Interest risk is to be managed according to the principles of Institutional Conflicts of Interest management in this Directive.

#### *External board directorships related additional restrictions*

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 family-owned companies or trusts must be reviewed and approved on a case by case basis.

#### *Exempted engagements and exceptions*

Some External Engagements are exempted from the pre-approval requirement. These include board memberships in entities like housing companies where the Employee owns an apartment, board memberships in schools, non-profit associations or hobby related associations that do not have significant financial or business activities. If however a Conflict of Interest could arise due to e.g. the Employee having a customer facing role in serving the entity or there is another connection between the entity and the Employee's work in Nordea, the exemption shall not apply and requirements in this chapter must be followed.

Any exceptions to the External Engagement rules must be reviewed by the BA/GF Compliance and approved by the Employee's GLT member.

## **5.2 Disclosure to customers**

Sometimes it is not possible to fully prevent or mitigate the risks a Conflict of Interest entails to customers. Disclosure can be used to inform the customer of the Conflict of Interest and the residual risk that remains so that the customer can make an informed decision. In providing Investment Services, engaging in Distribution of Insurance-Based Investment products or Foreign Exchange Market Services it is required to use disclosure only as a last resort measure, after all other possible measures have been exhausted.

The disclosure must be made in a written format, and shall include the general nature and source of the Conflict of Interest and the steps that have been taken by Nordea to mitigate the risks. Disclosure is not possible if the disclosure could damage the interest of one or more customers or entail revealing confidential information.

---

<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>.

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

## 6 Documentation

Nordea shall have a Conflict of Interest register to record the identified Conflicts of Interest. The purpose of the register is to maintain a group level repository of all Conflicts of Interest that arise or may arise in connection to the activities that Nordea engages in. There are three separate registers that are maintained, as follows.

The Individual Conflicts of Interest register:

- Shall include all Permanent and Non-Permanent Individual Conflicts of Interest and effective measures that have been assigned for each conflict
- Shall be kept confidential with access only on a need to know basis, but not include inside information

The Permanent Institutional Conflict of Interest register:

- Shall include all Permanent Institutional Conflicts of Interest and effective measures that have been assigned for each conflict
- Shall contain information that is classified open or internal and can be shared with all Employees in Nordea

The Non-Permanent Institutional Conflict of Interest register

- This category consists of Conflicts of Interest that arise between specific named parties regarding specific transactions or financial services or combinations of such being provided to one or more of Nordea's customers. This category typically includes customer data, strictly confidential or inside information that should be handled according to specific procedures.

The Conflict of Interest registers must be kept up to date and Permanent Conflicts of Interest reviewed at least annually. The annual review shall include each BA/GF and legal entity reviewing their registered Permanent Conflicts of Interest and ensuring that it covers all relevant Conflicts of Interest that arise or could arise in connection to their activities. In order to ensure capturing the Nordea wide view of relevant Conflicts of Interest, all subsidiaries shall provide extracts of their Conflict of Interest registers as well as other relevant information upon request or at least annually as further described in the Group Guidelines.

## **7 Roles and responsibilities**

### **7.1 Performing Conflicts of Interest management**

Employees shall report all identified Individual Conflicts of Interest, or changes to them, to their people leader. All identified Institutional Conflicts of Interest or changed circumstances regarding an Institutional Conflict of Interest shall be reported to the people leader responsible for the unit or area the Conflict of Interest potentially impacts. The reporting shall be done without undue delay. The relevant people leader is responsible for making decisions on managing the Conflict of Interest and ensuring that all requirements are followed as required by this Directive and supporting guidelines.

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

### **7.2 Group Board**

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

To ensure that the Board decision making is objective and impartial, the Group Board and each member is also subject to the requirements of this Directive. The Group Board members shall proactively identify any Conflicts of Interest and disclose them to the Chair of the Board or Vice Chair of the Board if the conflict arises regarding the Chair. The Group Board member must also recuse themselves from decision-making regarding matters where the Conflict of Interest could have any impact. In identifying and assessing Conflicts of Interest, the perception of Conflicts of Interest shall also be considered.

In addition to the ongoing requirement of identifying emerging Conflicts of Interest the suitability assessment process also covers identification and assessment of Individual Conflicts of Interests. In the event of a material Conflict of Interest is found, adequate preventive or mitigating measures are to be decided on by the chairman of the Group Board and disclosure made to the relevant supervisory authorities where relevant. 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.

The Group Board shall receive at least annual reporting on Conflicts of Interest to support oversight of the effective implementation and maintenance of this Directive.

Each material Conflict of Interest regarding the Group Board or a member of the Group Board shall be reported to the Chair of the Board and to the Chief Compliance Officer.



### **7.3 The Group CEO and Group Leadership Team (“GLT”)**

The Group CEO and the GLT are accountable for ensuring that this Directive is implemented in their respective 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. When planning organisational changes, the relevant GLT members are responsible for ensuring that the change does not result in increased Conflict of Interest risk. Each GLT member 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 GLT member shall ensure that relevant training on Conflicts of Interest is provided on a regular basis to Employees.

The Group CEO is responsible for overseeing that managing and documenting Conflicts of Interest are coordinated on group level to ensure that risks are managed in a consistent manner and that cross BA/GF/legal entity Institutional Conflicts of Interest are identified and managed appropriately.

The Group CEO and each GLT member are responsible for proactively identifying Conflicts of Interest that could impact on their duties and capability to make sound and objective decisions according to their role. Each GLT member shall report immediately to the Group CEO regarding an identified Conflict of Interest. The Group CEO shall report immediately to the Chair of the Group Board upon identifying a Conflict of Interest relating to the CEO.

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

Senior Management shall receive at least annual reporting on Conflicts of Interest in order to ensure that all relevant Conflicts of Interest are identified and managed appropriately on Group level.

## **8 Supporting Guidelines**

The Chief Compliance Officer can issue further Guidelines to accompany this Directive.

## **9 Provision of services between Nordea and its related parties**

When parties are related it may have a significant influence on how they engage with each other including the terms and conditions on which they conclude agreements. In order to prevent any conflict of interest in transactions with a related party the transaction must always be conducted as part of Nordea’s ordinary course of business

as well as on arm-lengths terms<sup>2</sup>. Deviations from these principles require the approval of the Group Board.

Granting credits, guarantees and other comparable financing to related parties covered under the definition of Close Circle must always be conducted on arm-lengths terms.

**16 June 2021**

---

<sup>2</sup> Ordinary course of business refers to the scope of Nordea's field of operations as a credit institution and arms-lengths terms refers to the terms by which unrelated parties would conduct commercial or financial dealings.