

Document Title **6.2 Conflicts of Interest Policy**

10 June 2015 Date

Entry into force The Board of Directors of Nordea Bank AB (publ) (“Group Board”) has issued this policy, which was last updated on 10 June 2015.

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Purpose and scope

This policy set forth the organisational and administrative procedures to identify and prevent or manage conflicts of interest when providing financial services or performing other financial activities, in order to ensure that customers are treated justly.

All employees of the Nordea Group (“Nordea” or the “Group”), including non-permanent staff working on behalf of the Group, providing financial services and activities, natural persons who is directly involved in the provision of financial services to Nordea under an outsourcing agreement for the purpose of the provision of financial services and activities, board members, the President of Nordea Bank AB (publ) and Chief Executive Officer of the Group (“CEO”) (relevant person), are subject to this policy.

It is the responsibility of each manager to ensure that this policy is, where relevant, known and conformed to within his/her respective area of responsibility. CEO, Executive Vice Presidents, Key Function Holders¹ and board members shall be informed of the content of the policy in connection with their respective appointment.

1 Introduction

A conflict of interest is a situation entailing a material risk of a negative impact on the interests of one or more customers with regard to Nordea’s products and services. A conflict of interest might exist even if there are no improper acts as a result of it.

Conflicts of interest may arise between Nordea and its customers, its shareholders, board members, employees, significant suppliers or business partners, and other related parties directly or indirectly related to Nordea (e.g. its subsidiaries) or between different customers of Nordea. Managing conflicts of interest require that a customer’s best interest is always considered so that the customer is treated justly.

When identifying, preventing and managing conflicts of interest the following aspects must be acknowledged:

- the primary goal is to identify the relationships, services, activities or transactions in which conflicts of interest may arise and prevent them from arising;
- if a conflict of interest situation has arisen or seems likely to arise, the situation should be actively handled, and where relevant, it should be considered if the conflict of interest should be disclosed to the customer(s) involved (see Section 3.5);
- the relevant persons’ awareness of actual and potential conflicts of interest and the procedures to handle them should be highlighted.

¹ As defined in ”Policy for selecting and assessing the suitability of CEO, Executive Presidents and key function holders”.

2 Identifying conflicts of interest

When identifying conflicts of interest that may arise between Nordea, or any person linked to Nordea, and a customer or between one customer and another in the course of providing financial services, it shall as a minimum be considered if Nordea, a relevant person or a person directly or indirectly associated by control to Nordea;

- is likely to make a financial gain or avoid a financial loss at the expense of the customer;
- has an interest in the outcome of the service provided to the customer or of the transaction that is 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 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 the form of money, goods or services other than the standard commission or fee for the service in question.

2.1 Conflicts of interest identified in Nordea's activities

It is not possible to list all actual or potential conflicts of interest, but below are some examples of situations listed that shall be avoided at all times.

A conflict of interest may arise when:

- Nordea may attain financial gain or avoid a financial loss at the cost of one or several customers;
- Nordea has another interest than the customer of the result of the services performed or of the transaction that are being carried out on behalf of the customer;
- Nordea has a financial interest or for other reasons favours a customer's or group of customers' interests before the interest of another customer;
- Nordea conducts the same business as a customer;
- Nordea receives or will receive inducement from another person than the customer in connection with performing a service for the customer, in addition to the standard remuneration for that specific service;

2.1.1 Conflicts of interest between a relevant person and Nordea

A conflict of interest may arise when a relevant person's individual interests are directly contrary to the interests of Nordea. A conflict of interest may also arise when a person, any person linked to her/him, or a company where any of them has a material holding of shares, derives a personal gain as a result of that person's role in Nordea.

The concept “*any person linked to her/him*” means in this policy the spouse of the relevant person or any partner of the person considered by national law to be equivalent to a spouse; a dependent child or stepchild of the relevant person; and any other relative of the relevant person who has shared the same household as that person for at least one year on the date when a conflict of interest arises.

A conflict of interest may arise when:

- a relevant person, or any person linked to her/him, has a material financial interest in - or enters into an agreement with - one of Nordea’s competitors, suppliers or customers;
- a relevant person conducts business on behalf of Nordea with a supplier or customer in which any person linked to the relevant person is employer or manager;
- a relevant person or any person linked to her/him receives gifts or services with a value that exceeds a symbolic value from a current or potential competitor, supplier or customer;
- a relevant person, for personal gain or detrimental to Nordea, uses confidential information that has been received within the employment or assignment;
- a relevant person conducts own business that is directly competitive to Nordea;
- a relevant person uses Nordea’s assets, customers or employees for a personal or other inappropriate purpose, for example for developing own business;
- a relevant person acquires property or assets in order to sell or lease it to Nordea;
- a relevant person derives personal gain from a business opportunity that involves Nordea’s business, when it should have accrued to Nordea;
- an employee in Nordea conducts so called side line occupation (other employments or external assignments) that risks to affect the employee’s ability to perform it’s work; or
- a relevant person identified according to the “*Policy for Personal Account Dealing in financial instruments (PAD Policy)*”, misuses confidential information when executing customer orders and dealing in personal accounts.

For board members, additional guidance regarding conflicts of interest is provided in “*Charter for the Nordea Bank Board of Directors and its committees*”.

2.1.2 Conflicts of interest related to outsourcing

Outsourcing business never releases Nordea from responsibility according to applicable laws and regulations.

Nordea shall ensure that the service providers at all times meet the requirements from the legislator and the financial supervisory authorities regarding identification and managing of conflicts of interest.

When outsourcing business internally within the group, potential conflicts of interest in relation to certain groups of employees or service providers (consultants) shall be considered specifically. At such outsourcing, potential conflicts of interest may arise in connection with the persons that carry out tasks within a company's responsibility as a purchaser or evaluator, especially in a question that directly or indirectly concerns the outsourcing at hand.

2.1.3 Conflicts of interest in relation to a customer

Nordea provides a full scale of financial services under its licenses to operate and shall take all necessary measures in order to identify and handle potential conflicts of interest that may arise in relation to its customers and prevent that a customer's interest is negatively affected. Actual and potential conflicts of interests concerning these services may relate to the performance and/or provision of:

- proprietary trading;
- portfolio management services;
- advisory services;
- investment research;
- banking services;
- insurance services; and
- finance services.

More specifically, actual and potential conflicts of interest concerning financial services are identified at least in the following situations, when Nordea is carrying out/providing:

- proprietary trading and trading at the same time on behalf a customer;
- discretionary portfolio management services and allocating independently assets to a customer's portfolio;
- advisory and financing services to one customer in respect of a bid and seeking to provide financing services to another customer in respect of the same bid;
- portfolio management services and placing orders with an affiliated broker company;
- investment research in relation to such entity or group to which it also may provide corporate finance advisory services;

- advice, or acting as an arranger or manager of a public offering of financial instruments and allowing relevant persons to attend such offering.

Conflicts of interest may for example arise as a result of the shape of the remuneration- or performance bases models for Nordea's financial advisors, or in connection with a business transaction. Businesses within Nordea that have direct contact with customers shall maintain internal rules that more closely describes how business specific conflicts of interest shall be identified, handled and reported, see Section 3.5.

3 Preventing and managing conflicts of interest

A number of ethical principles have been laid down in the "*Nordea Code of Conduct*". The code requires Nordea to run its business according to high standards of integrity and fair business, to handle its customers in a proper manner and to ensure that relevant persons uphold a high standard of ethical behaviour when performing their duties. When training relevant persons in Nordea, ethical behaviour and conflicts of interest management is stressed.

The "*Anti-Bribery and Corruption Policy*" provide guidance for relevant persons on sound business relationships and managing of inducements when interacting with customers, including offering or receiving of gifts or entertainment.

When deciding on remuneration to a relevant person it shall be ensured that the remuneration neither compromises the objectivity of the relevant person when carrying out their duties nor is contrary to the customers' best interest.

Relevant persons' possibility to make personal investments in financial instruments is restricted to avoid conflicts of interest arising. Business Areas ("BA") have, based on the Group Directive "*Policy for Personal Account Dealing in financial instruments (PAD Policy)*", adopted personal account dealing rules for relevant persons identified by each Relevant Unit (as defined in "*Policy for Personal Account Dealing in financial instruments (PAD Policy)*"). In addition, relevant persons must attain approval from his/her manager before taking on external board memberships and secondary employments. External engagements that might affect the employees' capability to carry out their work duties are not allowed.

3.1 Segregation of duties and Chinese walls

The principle of segregation of duties adopted in Nordea is fundamental to prevent conflicts of interest to adversely affect the interest of Nordea's customers. Accordingly these principles are reflected in Nordea's organisational structures, procedures and internal control.

To manage the information flow Nordea has also set up so called Chinese wall arrangements around and within certain business activities where sensitive customer information is handled. These arrangements include physical separation and restricted access to information but also specific arrangements around investment research and advice, proprietary trading, portfolio management and corporate finance business activities.

3.2 Reporting

Relevant persons shall immediately communicate and report actual and potential conflicts of interest, or changed circumstances regarding actual and potential conflicts of interest, to the immediate superior, or, for board members and CEO to the chairman of the board. Relevant persons that are consultants or otherwise have a temporary assignment for Nordea shall report actual and potential conflicts of interest to the manager in Nordea that is responsible for the assignment. The immediate superior/manager shall decide whether the actual or potential conflict of interest shall be reported to the CEO, who in its turn shall determine whether to report the conflict of interest to the board of directors.

Actual and potential conflicts of interest that arise between different companies within the group shall immediately be reported to the CEO in each company. The CEO shall determine whether the actual or potential conflict of interest shall be reported to the board of directors, or if it already has been approved in connection with for example signing an outsourcing or cooperation agreement, or when drawing a business plan etc.

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 Head of Group Compliance.

3.3 Procedures in connection with new appointments

It is the manager's responsibility to identify actual and potential conflicts of interest when new employees are hired or given a new position within the Group. Correspondingly, identification of actual and potential conflicts should be made by the relevant manager before signing an outsourcing agreement with a company or relevant person that are consultant or who shall have a temporary assignment for Nordea. If an actual or potential conflict of interest is deemed to be at hand, the manager shall, in consultation with a local compliance officer, decide how to handle the matter.

Evaluation of CEO, Executive Vice Presidents, Key Function Holders² and board members is made through separate processes in accordance with the "*Policy for selecting and assessing the suitability of CEO, Executive Vice Presidents and key function holders*" and "*Policy for assessing the suitability of the members of the Board of Directors*", which include identification and assessment of actual and potential conflicts of interest."

3.4 Provision of services to persons with a potential conflict of interest

Nordea may not enter into a services agreement subject to terms and conditions which differ from those Nordea normally applies, or enter into other agreements subject to terms and conditions that are not commercially justified, with or for the benefit of:

1. board members;
2. a person in a senior management position who alone or together with a third party is authorised to determine lending matters which otherwise must be determined by the board of directors;
3. an employee who holds a senior position within Nordea;

² As defined in "*Policy for selecting and assessing the suitability of CEO, Executive Vice Presidents and key function holders*".

4. shareholders or holders of participating interests, other than the State, with holdings equal to at least three percent of the outstanding capital;
5. a spouse or cohabitee of a person referred to in subsections 1-4; or
6. a legal person in which such a person as referred to in subsections 1-5 holds a significant financial interest in the capacity of owner or member.

For further information regarding handling of agreements with persons referred to in subsections 1-6, see “*Credit Instructions for the Nordea Group*”.

3.5 Managing conflicts of interest in BA/GF

All BAs and Group Functions (“GF”) shall identify and list all circumstances and situations that may constitute or give rise to conflicts of interest in specific activities carried out by them. Daily business activities need to be considered at least in the light of how the division of responsibilities is structured – both within each BA and GF as well as cross BA and GF, who has access rights to premises and who has access to electronic data.

Managing conflicts of interest in the business means to:

- carry out the identification of conflicts of interest, with a sufficient degree of details so that all relevant persons of the BA and GF can easily understand;
- document how the conflicts of interest are prevented and list preventive temporary or permanent measures that have been taken or will be taken depending on the type of conflicts of interest situation with a sufficient degree of details so that all relevant persons of the BA and GF easily can understand and relate to the measures; and
- in case conflicts of interest occur, to know how the situation should be managed and reported.

There shall be sufficient and clear procedures in place for managing of conflicts of interest situations. The procedures to manage conflicts of interest shall also include rules on how and to who occurred conflict of interest should be reported, descriptions of parties affected, escalation procedures and procedures for disclosing a conflict of interest that cannot be avoided. The procedures should be different depending on whether there has been a customer involved (external disclosure) or not (internal disclosure).

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.

When a BA or GF produces, or arranges for the production of investment research that is intended or likely to be disseminated to the customers or the public, it shall ensure that financial analysts, and other relevant persons whose responsibilities or business interest may conflict with the interest of the persons to whom the investment research is disseminated, conduct their activities at an appropriate level of independence.

3.6 Disclosure of conflicts of interest

The BAs and GFs shall have procedures in place on how to disclose occurred conflicts of interest in connection with performance of investments services and ancillary services to the customer in question. The relevant persons shall have clear information on these procedures. The local Compliance Officer should always be involved before disclosing the conflicts of interest to the customer.

Disclosing of the conflict of interest to the customer gives the customer a chance to react upon the conflicting situation and should therefore in many cases be seen as the final way of dealing with a conflicts of interest situation. If the conflict of interest is disclosed to the customer, it shall be done before undertaking the business on behalf of the customer. The information to the customer shall be delivered in a durable medium and shall be sufficiently detailed with regard to Nordea's categorisation of the customer so that the customer can make an informed decision about the investment or ancillary service where the conflict of interest arises.

This policy shall be made available to Nordea's customers when requested and a summary of this policy is also published at www.nordea.com.

If the organisational and administrative arrangements set up within Nordea are not sufficient to ensure, with reasonable confidence, that a potential conflict of interest will be prevented when undertaking performance of investment services or ancillary services, the nature and/or source of the conflict of interest must be clearly disclosed to the customer before the service or activity in question is performed.

In case a situation arises where disclosure is required, the relevant person must immediately report this to his/her manager and seek direction as to the handling of the disclosure.

4 Record keeping

When providing financial services BAs and GFs shall for a period of at least five (5) years keep and regularly update a record of all services it carried out, or that another party carries out on its behalf, in which there has arisen or may arise a conflict of interest entailing a material risk of damage to the interests of one or more customers.

All situations where a customer has been informed of a conflict of interest according to Section 3.6 shall be documented by the BA/GFs.

Applicable

This policy applies to Nordea Bank AB (publ) and, subject to local regulations, to its subsidiaries. Where required for implementation, the policy is to be resolved by the board of directors in the subsidiary concerned.

It was resolved by the board of directors of
Nordea Bank Danmark on,
Nordea Bank Finland on
Nordea Bank Norge on
that this policy applies in relevant parts for the respective company.

Responsible unit and contact

Group Compliance is responsible for establishment and maintenance of this policy and for supporting and monitoring the implementation within the Nordea Group. Group Compliance may issue further instructions on the management and disclosure in relation to conflicts of interest and inducements. In addition hereto the Compliance organisation provides support and advice to the business units and business areas regarding compliance with this policy.

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