

Conflicts of Interest Policy - Summary

1. Purpose and scope

As a global financial services provider, Nordea Investment Management AB (“NIM”) face Conflict of Interest situations on a regular basis. NIM is committed to promoting market integrity and fair treatment of customers. All Employees are required to act in a fair, honest, professional manner and in accordance with the best interest of NIM’s customers, including the perspective of the customers sustainability preferences. As such, it is essential to have effective controls in place to manage Conflicts of Interest. To facilitate an effective control environment NIM has a Conflicts of Interest Policy documented in the Board Directive on Conflicts of Interest (“Directive”). The purpose of the Directive is to outline NIM’s approach to Conflicts of Interest management. This document is a summary of the Directive.

Set forth in the Directive are the organisational and administrative procedures to identify and manage Conflicts of Interest in NIM as part of its corporate governance and business activities.

All Employees in NIM, including non-permanent staff working on behalf of NIM, persons involved in the provision of financial services to NIM under an outsourcing agreement and Board Members are subject to the Directive.

The Directive shall be reviewed and updated on a regular basis when deemed necessary and no less than annually. A review shall also be conducted when required in the event of material changes, including regulatory changes, likely to affect any of the aspects under the Directive.

2. Identifying Conflicts of Interest

Conflicts of Interest refers to situations where competing interests or loyalties could potentially inappropriately influence a decision or activity in NIM and/or cause detriment to NIM or one or more of NIM’s customers. This includes both potential and actual Conflicts of Interest.

NIM’s main business is to provide discretionary portfolio management to institutional clients. When NIM provides Investment Services, and within its business operations, Conflicts of Interest may arise between, inter alia, NIM and its clients, between different functions within NIM, and/or entities in Nordea. Conflict of Interest management is relevant both on individual and institutional level in NIM’s organisation.

NIM shall identify Conflicts of Interest before or when they arise as part of its normal day-to-day business. When identifying Conflicts of Interest, NIM shall take account of Conflicts of Interest related to the client’s sustainability preferences and other Conflicts of Interest that may arise as a result of the integration of sustainability risks in processes, systems and internal controls.

In all activities, NIM shall act solely in the best interests of the customers, including the customer's sustainability preferences, and act honestly, fairly and professionally. NIM shall ensure that all relevant 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, NIM shall ensure that relevant training on Conflicts of Interest is provided on a regular basis.

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

2.1 Individual Conflicts of Interest

Conflicts of Interest arising with regards to a named individual Employee's or Board Member's private interest or past or present professional or personal relationships are defined as *Individual Conflicts of Interest*.

The interest of Close Family Members are 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 five years shall be considered relevant in assessing whether an Individual Conflict of Interest arises.

Individual Conflicts of Interest can arise:

- between an Employee or Board Member and NIM,
- between different Employees,
- between an Employee and their manager, or
- between an Employee and third parties like NIM's customers, vendors, service providers etc.

Individual Conflicts can be *Permanent* or *Non-Permanent*. 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.

2.2 Institutional Conflicts of Interest

Conflicts of Interest that arise in connection with NIM's business activities are defined as *Institutional Conflicts of interest*.

These can arise with regard to different activities, Investment Services, customers, roles, functions, business lines, legal entities or units in NIM/NAM/Nordea or with regard to external stakeholders including shareholders.

Due to the nature NIM's business activities some of NIM's Institutional Conflicts of Interests are inherent Conflict of Interest risks 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 NIM'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 NIM (for the sake of clarity this 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 NIM's customers.

The list is non-exhaustive.

3. 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 NIM or NIM's customers. A Conflict of Interest shall be deemed material where it could cause any of the following:

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

4. Managing Conflicts of Interest

NIM shall take all reasonable steps to prevent Conflicts of Interest and, where they cannot be avoided, to identify, manage and monitor and where appropriate disclose these Conflicts of Interest to prevent them from adversely affecting the interests of the customers.

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

When a Conflict of Interest has been identified, a materiality assessment shall be conducted.

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 cannot be fully prevented, mitigating actions should be assigned to reduce risks related to the Conflict of Interest. The Compliance Function shall be consulted before deciding on the preventive or mitigating measures, or the risk acceptance. The risk acceptance decision should be documented in the Conflict of Interest register. 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.

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 the agreed preventive or mitigating measures that are relevant for their role and duties.

4.1 Managing Individual Conflict of Interest regarding External Engagements

NIM supports its Employees contributing to society or being otherwise active in External Engagements outside of their employment in NIM. Still it is important for NIM to ensure that Employees' External Engagements do not give rise to Conflicts of Interest or negatively affect the Employees' work duties, capabilities or NIM in general.

To ensure this External Engagements are subject to a pre-approval by the manager. Non-approved External Engagements and External Engagements in offshore structures are prohibited.

Each Employee is responsible for seeking approval for their External Engagements prior to engaging in them. The approval shall be reviewed annually. The Compliance Function shall be consulted prior to granting approval.

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

4.2 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 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 written format, shall include the general nature and source of the Conflict of Interest and the steps taken by NIM to mitigate the risk. Disclosure is not possible if the disclosure could damage the interest of one or more customers or involve revealing confidential information.

5. Documentation

NIM shall have a Conflicts of Interest register to record the identified Conflicts of Interest. The purpose of the register is to maintain a repository of all Conflicts of Interest that arise or may arise in connection to the activities that NIM engages in. The Compliance Function is responsible for holding the Conflicts of Interest register.

6. Annual review

The Conflict of Interest register must be kept up to date and *Permanent* Conflicts of Interest shall be reviewed at least annually. The purpose of the annual review is to ensure that the Conflict of Interest register covers all relevant Conflicts of Interest and that effective mitigating or preventive measures continue to be in place.

7. Reporting

The Board shall receive information in the quarterly compliance reporting relevant for overseeing the effective implementation of the Directive.

8. Provision of services between NIM 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 NIM's ordinary course of business as well as on arm-lengths terms. Deviations from this principle require the approval of the Board.
