

Nets Conflict of Interest Group Policy



Conflict of Interest Group Policy

Nets Denmark A/S, CVR no. 20 01 61 75

Concardis Holding GmbH, Company no. HRB112029

Adopted by	The Board of Directors of Nets Denmark A/S and Concardis Holding GmbH
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1 Introduction

This Conflict of Interest Group Policy (the 'Policy') sets out the principles and standards for management of conflict of interest risks for all entities within the Nets Group. For the purposes of this Policy, 'Regulated Entities' are defined as entities licensed as a payment institution or an e-money institution under EU or EEA law, and the 'Nets Group' is defined as Nets Denmark A/S and Concardis Holding GmbH, as well as any direct or indirect subsidiaries of those entities.

In order to protect the Nets Group and its stakeholders from any conflict of interest risks, the objective of this Policy is to ensure that all relevant conflict of interest risks are identified, prevented (if possible) and adequately mitigated.

The Policy shall be applied in conjunction with the other policies applicable to Nets, with particular emphasis on the Ethical Policy, the Whistleblowing Policy, and the Anti-Bribery and Corruption Policy.

2 Scope and application

This Policy shall be adopted by all Regulated Entities in the Nets Group, and the Policy applies to all employees, management members, board members and any other persons directly or indirectly linked to the Regulated Entities in the Nets Group ('Employees').

If local regulation is stricter than this Policy, the local regulation in the relevant country will apply. Any deviation that collides with this Policy must be approved by Group Compliance & Regulatory, and Group Compliance & Regulatory must notify the relevant board. Upon notification, Group Compliance & Regulatory must assess if a derogation from this Policy is needed.

3 Governance and responsibility

3.1 Board of Directors

This Policy shall be approved by the respective Board of Directors of Nets Denmark A/S and Concardis Holding GmbH and presented to the local boards of all Entities in the Nets Group for direct adaptation unless local regulation requires otherwise.

3.2 Three lines of defence

The governance model for compliance in the Nets Group is based on the three lines of defence model, which is a risk management model where the first line of defence (1st LoD) owns the risks, the second line of defence (2nd LoD) has the risk oversight, and the third line of defence (3rd LoD) provides independent assurance that the risk management and internal control framework is working as designed.

3.2.1 *First line of defence*

Within each Regulated Entity in the Nets Group, the dedicated 1st LoD function responsible for PSD2 controls is responsible for:

- Ensuring that Conflicts of Interests (as defined below) are reported to them on a regular basis;
- Managing Conflicts of Interest; and
- Recording, keeping and updating a Conflict of Interest register.

The 1st LoD is also responsible for establishing the required framework to ensure that these goals are achieved, including implementing respective processes and procedures as relevant, and being able to document this.

3.2.2 *Second line of defence*

Group Compliance & Regulatory constitutes the 2nd LoD in the Nets Group and has the responsibility for monitoring that the 1st LoD meets the requirements under this Policy.

Upon request, the 2nd LoD is also responsible for providing advice to the 1st LoD on the interpretation of this Policy or relevant legislation.

3.2.3 *Third line of defence*

Group Internal Audit constitutes the 3rd LoD. The 3rd LoD is responsible for auditing the 1st LoD and the 2nd LoD to ensure a sound and adequate setup. Group Internal Audit assesses the effectiveness of internal controls in the 1st LoD and the 2nd LoD.

4 Conflict of Interest

For the purpose of this Policy, a 'Conflict of Interest' is defined as a situation where an Employee has – or may be perceived to have – actual or potential, unsound competing loyalties to secure one outcome at the expense of another.

Relevant Conflicts of Interest can for example arise between Employees in the Nets Group and:

- One or more actual or potential customers
- A third party, e.g. a vendor, service provider or other supplier
- The Nets Group
- Different departments/legal entities of the Nets Group
- Other Employees across the Nets Group

- Shareholders of the Nets Group
- A supervisory authority.

The following, non-exhaustive list reflects potential situations that may pose a Conflict of Interest:

- A close personal relation with someone affiliated to a competitor of the Nets Group
- Doing business with or hiring a close personal relation
- Close personal relationship between Employees where there is a reporting relationship or where an actual or perceived Conflict of Interest could exist
- Doing anything that either competes with or appears to compete with the interest of the Nets Group.

Conflicts of Interest can be divided into:

- Inherent Conflicts of Interest: Conflicts of Interest that persist and need to be managed permanently
- Single Conflicts of Interest: Conflicts of Interest that occur within a single event (such as a transaction, the selection of a service provider, and others) and can usually be managed with one-off mitigation.

Note that the receiving and offering of gifts and hospitality should generally be limited to a value of €100 per year and per relationship. Should the accumulated value of gifts/hospitality in any particular year exceed that threshold, the employee is required to notify their manager, who should in turn consult with Group Compliance & Regulatory if necessary. However, even where the gift falls below this threshold, the employee should still reject any gifts which are not in line with the principles set out in this Policy or the Nets Anti-Bribery & Corruption Policy.

5 Disclosure

It is not a violation of this Policy to have a Conflict of Interest, but it is mandatory to disclose a Conflict of Interest as quickly as reasonably possible. No Employee will be met with sanctions merely as a result of disclosing a Conflict of Interest, but failure to disclose a Conflict of Interest will be considered a violation of this Policy.

All Employees are obliged to identify, assess and report any matter that may result or has already resulted in a Conflict of Interest to their manager. The manager must inform the 1st LoD responsible for updating the Conflict of Interest register.

6 Monitoring

Group Compliance & Regulatory (the 2nd LoD) performs internal monitoring/controls in relevant areas.

As a part of the 2nd LoD monitoring, Group Compliance & Regulatory will need to have access to relevant information, including, but not limited to, trainings conducted, participants, training material, etc. On request, all requested documents or statistics on training shall be shared with Group Compliance & Regulatory.

7 Training and awareness

Group Compliance & Regulatory provides mandatory and general awareness training to all Employees related to this Policy.

8 Review

This Policy is managed and updated at least annually by Group Compliance & Regulatory and presented to the Board of Directors for adoption.

9 Implementation

This Policy shall be implemented by the business units within three months from publishing the Policy.