

POLICY ON CONFLICTS OF INTEREST

1 INTRODUCTION

This Policy sets out Nordic Credit Rating AS's ("NCR") framework and principles for the identification, management, and disclosure of potential, perceived, or actual Conflicts of Interest. The purpose of the Policy is to safeguard the independence and objectivity of NCR's Credit Ratings and to maintain market confidence in NCR's operations. This Policy reflects the requirements of Regulation (EC) No 1060/2009 on Credit Rating Agencies (CRAR) and related European Securities and Markets Authority (ESMA) guidelines.

Defined terms follow *Definitions of Terms* available on NCR's website and intranet.

This Policy forms part of NCR's corporate governance framework and is reviewed and approved by the Board of Directors. It shall be read in conjunction with relevant Policies, Routines, and Instructions, including the *Instruction for Personal Account Dealings and Outside Activities*.

2 APPLICABILITY

Unless specifically indicated otherwise, this Policy applies to all Employees and the Board of Directors (each a "Relevant Person"), and the general operations of NCR.

The contents of the Policy and any future updates or changes are published and made available on NCR's intranet and website. The Policy shall be reviewed and updated as necessary, and at least annually.

For compliance with this Policy and reporting material breaches to ESMA, refer to the procedures for the Compliance Function set out in the *Policy on Organisation of Material Functions*.

3 GENERAL POLICY ON CONFLICTS OF INTEREST

3.1 Introduction

The purpose of this Policy is to ensure that existing, potential, or perceived Conflicts of Interest are identified and appropriately addressed. Conflicts of Interest shall be eliminated where possible. Where elimination is not possible, the Conflict of Interest shall be managed through appropriate measures and disclosed. Disclosures shall include a description of the measures undertaken to manage the Conflict of Interest.

3.2 General Principles

The following general principles shall govern NCR's Credit Rating Activities and Ancillary Services:

- The determination of a Credit Rating shall be based solely on factors relevant to assessing the creditworthiness of the Rated Entity or its Financial Instruments.
- A Credit Rating shall not be influenced by the existence, or prospect, of a Conflict of Interest or by any business relationship between NCR and the Rated Entity or a Related Third Party.
- NCR shall not delay, or refrain from, taking a Credit Rating Action because of the potential impact of such action on NCR, a Rated Entity, or a Related Third Party.
- Commercial considerations, including the prospect of obtaining or retaining business, shall not influence the outcome of a Credit Rating.
- Credit Rating Actions and Rating Decisions shall be independent of any contingent fee arrangements.

3.3 Record keeping, communication, and training

3.3.1 Record keeping

The Compliance Function shall ensure that NCR maintains an up-to-date inventory of existing, potential, or perceived Conflicts of Interests. This inventory shall be reviewed on an ongoing basis to ensure that it reflects NCR's current activities and business relationships. The inventory shall be made available to ESMA upon request.

The Compliance Function shall maintain a clear audit trail of how Conflicts of Interest are identified, assessed, and addressed. All records relating to Conflicts of Interest, including the inventory, disclosures, and any related approvals or decisions, shall be retained in accordance with NCR's *Recordkeeping Policy*.

3.3.2 Communication

The Compliance Function shall provide ongoing advice to Senior Management and to the organisation more broadly on how to identify, eliminate, manage, and disclose Conflicts of Interest. It shall proactively promote awareness among Employees of the importance of identifying and managing Conflicts of Interest, and ensure Employees are informed of any updates to the inventory of Conflicts of Interest.

3.3.3 Training

The Compliance Function shall ensure that relevant Employees of NCR receive periodic training on how to identify and manage Conflicts of Interest in practice. Training shall be updated when there are material changes to NCR's business model, regulatory requirements, or this Policy.

3.4 Measures to manage Conflicts of Interest

NCR shall maintain effective organisational and administrative arrangements designed to identify, eliminate, or manage Conflicts of Interest that may arise in the course of its Credit Rating Activities or Ancillary Services. Where a Conflict of Interest cannot be eliminated, it shall be managed through appropriate measures and disclosed in accordance with this Policy.

The principal measures used by NCR to manage Conflicts of Interest include:

- **Segregation of duties:** Analytical, Commercial, and Internal Control Functions are separated to prevent undue influence on the outcome of a Credit Rating.
- **Restrictions on personal interests:** Employees, Board Members, and Close Associates are restricted from certain financial dealings or outside activities, as set out in the *Instruction for Personal Account Dealings and Outside Activities*.
- **Recusal from activities:** Employees or Board Members with a Conflict of Interest shall not participate in Credit Rating Activities or decisions concerning the relevant Issuer. Recusal decisions and disclosures shall be documented and retained in accordance with NCR's *Record Keeping Policy*.
- **Disclosure:** Actual or potential Conflicts of Interest that cannot be eliminated shall be disclosed in a timely, clear, and prominent manner, including in the relevant Credit Rating report where applicable.
- **Monitoring and reporting:** The Compliance Function shall oversee the application of these measures, monitor their effectiveness, and report material matters to the Board of Directors.
- **Remuneration:** Remuneration of Analysts, Senior Management, and Board Members shall not be linked to the amount of revenue generated from Rated Entities or Related Third Parties.

3.5 Disclosure of Conflicts of Interest

Where a Conflict of Interest cannot be eliminated, NCR shall ensure that it is disclosed in a timely, clear, and prominent manner. The purpose of such disclosure is to provide transparency to users of NCR's Credit Ratings and to allow stakeholders to assess the potential impact of the Conflict of Interest on NCR's independence.

Disclosures shall be made in accordance with NCR's *Policy on Disclosures*. The Compliance Function is responsible for ensuring that all required disclosures are made and for maintaining appropriate records in line with NCR's *Record Keeping Policy*.

3.6 Roles and responsibilities

The Board of Directors is responsible for approving this Policy, overseeing its implementation, and ensuring that NCR maintains effective arrangements to identify, manage, and disclose Conflicts of Interest in accordance with applicable regulations.

Senior Management is responsible for ensuring that appropriate organisational and administrative measures are in place to implement this Policy in practice. Senior Management shall support the Compliance Function in raising awareness among Employees and ensure that Conflicts of Interest are addressed promptly when identified.

Employees and Board Members are responsible for complying with this Policy and with related Policies, Routines, and Instructions. They shall remain alert to actual or potential Conflicts of Interest and report them without delay to the Compliance Function.

The Compliance Function is responsible for maintaining the inventory of Conflicts of Interest, monitoring compliance with this Policy, providing advice and training on the identification and management of Conflicts of Interest, and ensuring that disclosures are made in accordance with the *Policy on Disclosures*. The Compliance Function shall report material matters, including breaches, to the Board of Directors in line with the *Policy on Organisation of Material Functions*.

4 PROHIBITED CONFLICTS OF INTEREST

NCR shall not issue a Credit Rating or a Rating Outlook in any of the following circumstances. If such a situation arises in relation to an existing Credit Rating, NCR shall immediately (i) disclose that the Credit Rating may be affected, and (ii) assess whether there are grounds for re-rating or withdrawing the existing Credit Rating.

A Credit Rating or Rating Outlook shall not be issued if:

- i. NCR, its Analysts, or any other natural person placed at the disposal or under the control of NCR and directly involved in the Credit Rating Activities, or any person approving Credit Ratings or Rating Actions, directly or indirectly owns Financial Instruments issued by the Rated Entity or the Related Third Party, or otherwise holds an ownership interest in such entity. This prohibition does not apply to holdings in diversified collective investment schemes, including managed funds such as pension funds or life insurance, provided they do not confer influence over the Rated Entity.
- ii. A shareholder of NCR, or a Close Associate of such shareholder, holding 10% or more of NCR's capital or voting rights, or otherwise able to exercise significant influence over NCR, directly or indirectly holds 10% or more of the capital or voting rights of a Rated Entity or Related Third Party, or any other ownership interest that confers significant influence. Holdings in diversified collective investment schemes and managed funds are excluded.

- iii. A Credit Rating is issued in respect of a Rated Entity or a Related Third Party that is directly or indirectly linked to NCR through control.
- iv. A Rated Entity, a Related Third Party, or a Close Associate of either, directly or indirectly holds 10% or more of NCR's voting rights.
- v. An Analytical Employee, or any other person directly involved in Credit Rating Activities or approving Credit Ratings or Rating Actions, is a member of the board of directors, supervisory board, or equivalent governing body of a Rated Entity or a Related Third Party.
- vi. A shareholder of NCR, or Close Associate of such shareholder, holding 10% or more of NCR's capital or voting rights, or otherwise able to exercise significant influence, is a member of the administrative or supervisory board of a Rated Entity or Related Third Party.
- vii. An Analytical Employee has a personal or professional relationship with a Rated Entity or Related Third Parties that creates an actual Conflict of Interest. Such Employee shall not participate in Credit Rating Activities relating to the relevant Issuer.
- viii. NCR, or any person holding at least 5% or more of NCR's capital or voting rights or otherwise able to exercise significant influence, has provided consultancy or advisory services to a Rated Entity or Related Third Party concerning its corporate or legal structure, assets, liabilities, or activities. NCR shall not provide such consultancy or advisory services.
- ix. An Analyst who participates in determining a Credit Rating, or a person who approves a Credit Rating, has within the preceding twelve (12) months, or any period specified under applicable regulation, been employed by, or otherwise had a professional relationship with, the Rated Entity or a Related Third Party that creates a Conflict of Interest.
- x. An Employee directly involved in the Credit Rating Activities has participated in, or initiated, a discussion on fees or payments with a Rated Entity or a Related Third Party.
- xi. An Employee directly involved in Credit Rating Activities has received money, gifts, or services from a Rated Entity or a Related Third Party.
- xii. An Analyst has provided advice in relation to the scenarios of a Rating Evaluation Service.

5 MANAGEMENT OF PERMITTED CONFLICTS OF INTEREST

NCR has identified a number of Conflicts of Interest that are inherent in the business model of a Credit Rating Agency. These Conflicts of Interest cannot always be eliminated, but NCR has implemented organisational and administrative arrangements to manage and disclose them.

The table below sets out the principal conflicts identified in NCR's business model, with corresponding measures to ensure these do not compromise the independence and integrity of NCR's Credit Ratings.

Potential Conflict of Interest	Description	NCR's measures to eliminate or manage it
Issuer pays model	NCR is remunerated by Rated Entities or Related Third Parties. This creates a risk of bias towards favourable Ratings, of delaying or avoiding necessary Rating Actions, and of commercial considerations influencing Rating outcomes.	NCR has implemented the following controls to mitigate this risk: (i) the Credit Rating Committee has sole authority over Rating Decisions and Actions, independent of commercial considerations; (ii) Analytical and Commercial Functions are strictly separated; (iii) Analysts are prohibited from involvement in fee discussions and are not compensated based on revenue or client relationships; (iv) the Compliance Function reviews the Credit Rating Process; (v) Independent Board

Potential Conflict of Interest	Description	NCR's measures to eliminate or manage it
		Members oversee governance; and (vi) NCR discloses material revenue concentrations and NCR may only issue a Rating where a client accounts for 10% or more of annual revenue if the Independent Board Members expressly determine that such issuance is compatible with NCR's independence.
Rated Entity with material shareholding in NCR	A Rated Entity could hold a significant ownership stake in NCR, creating influence over Rating outcomes.	NCR mitigates this risk by ensuring that (i) no shareholder holds more than 5% of NCR's shares or voting rights; (ii) the Board of Directors may refuse acquisitions above this threshold; (iii) NCR discloses any Ratings of entities with ownership exceeding 5%; and (iv) Independent Board Members ensure that no shareholder exerts undue influence over NCR's Credit Rating Activities.
NCR shareholders may influence Credit Rating outcomes	Shareholders with commercial ties to Rated Entities may seek to influence Rating outcomes.	NCR has established safeguards including (i) a 5% cap on individual shareholdings, with the Board empowered to refuse acquisitions above this threshold; (ii) Board oversight, including by Independent Board Members, to prevent shareholder influence over Senior Management or Rating Activities; and (iii) the Credit Rating Committee's exclusive authority to make Rating Decisions, ensuring no individual Analyst or shareholder can influence outcomes.
Outsourcing arrangements	External Service Providers may not be subject to NCR's internal safeguards, creating Conflicts of Interest.	NCR addresses this risk by ensuring that (i) all outsourcing agreements include independence, confidentiality, and compliance safeguards in line with the Policy on Organisation of Material Functions; (ii) Service Providers remain independent of NCR's clients and shareholders; and (iii) NCR continuously monitors outsourcing arrangements to safeguard against conflicts of interest and maintain quality standards.
Analyst bias - no Analyst rotation mechanism	Long-term coverage by the same Analyst may create familiarity bias.	NCR has mitigated this risk by ensuring that (i) it holds an exemption from ESMA from mandatory analyst rotation; (ii) no individual Analyst determines a Credit Rating, as all decisions are made collectively by the Credit Rating Committee; and (iii) oversight is provided by the Compliance Function, the Review Function, and Independent Board Members to safeguard objectivity and independence.
Employee loyalty bias	Analysts may be biased towards favourable Ratings to promote NCR's business interests.	NCR mitigates this risk through (i) ensuring that Analysts are not compensated or evaluated based on revenue or client relationships; and (ii) requiring that all Rating Decisions are taken collectively by the Credit Rating Committee, independent of NCR's business or commercial interests.
Personal interest in Credit Rating outcomes	Analysts may have personal or financial interests in a Rated Entity.	NCR manages this risk by ensuring that (i) Employees and their Close Associates may not hold securities in Rated Entities or take roles that create conflicts of interest; (ii) any conflicted Analyst is excluded from related Credit Rating Activities; (iii) Employees are

Potential Conflict of Interest	Description	NCR's measures to eliminate or manage it
		required to notify the Compliance Function of any potential conflicts; and (iv) NCR enforces mandatory disposal of prohibited holdings and prohibits advisory roles or gifts from Rated Entities.
Bias in methodologies	Methodologies could be designed to produce more favourable Ratings.	NCR safeguards against this risk by ensuring that (i) all methodologies are rigorous, systematic, and continuous; (ii) the Criteria Committee is responsible for methodology governance; and (iii) the Review Function, the Compliance Function, and Independent Board Members provide independent oversight of methodology development and approval.
Compliance and risk management function by same person	Combining Compliance and Risk Management may create conflicts between the two functions.	NCR mitigates this risk by ensuring that (i) risk indicators and reporting are developed in collaboration with the Board of Directors to reduce subjectivity; (ii) Independent Board Members monitor the potential conflict; and (iii) the Board regularly reviews the effectiveness of internal controls and the separation of responsibilities at the governance level.
Improper allocation of analytical resources	Ancillary Services could divert resources from Credit Rating Activities.	NCR manages this risk by ensuring that (i) Ancillary Services provided to Rated Entities are limited to permitted services, such as Rating Evaluation Services, which are clearly separated from ongoing Credit Rating Activities; (ii) Ancillary Services are performed by Analytical Employees without compromising their capacity to fulfil their primary Rating responsibilities; and (iii) the Compliance Function and Independent Board Members oversee the allocation of resources to safeguard the independence and quality of Credit Ratings.
Business concerns may affect Credit Ratings	Revenue from Ancillary Services could create pressure to influence Ratings.	NCR mitigates this risk by ensuring that (i) permitted Ancillary Services, such as Rating Evaluation Services, are subject to clear procedural safeguards to prevent conflicts with ongoing Credit Rating Activities; (ii) Analysts are prohibited from participating in Commercial Activities, including fee discussions; (iii) Analysts are prohibited from participating in Commercial Activities, including fee discussions; and (iv) Analytical and Commercial Functions remain strictly separated.
Undue influence by users of Ratings	Rating users may attempt to influence Analysts during interactions.	NCR mitigates this risk by ensuring that (i) all Rating Decisions are made collectively by the Credit Rating Committee, independent of external pressure; and (ii) the Compliance Function, the Review Function, and Independent Board Members provide oversight to safeguard the quality and integrity of Credit Ratings.

Thresholds set out in this Policy (e.g. 5% and 10%) reflect requirements under CRAR and shall be applied consistently across NCR's policies

6 ANCILLARY SERVICES

NCR may provide Ancillary Services, such as Rating Evaluation Services (RES). NCR shall ensure that the provision of services does not create actual or potential Conflicts of Interest with its Credit Rating Activities.

NCR shall disclose in the final Rating Report any Ancillary Service provided to the Rated Entity or a Related Third Party, in accordance with the Policy on Disclosures. The Compliance

Function shall review all Ancillary Services to confirm compliance with these requirements and to assess whether the service could give rise to Conflicts of Interest or reputational risks. See *Instruction for Providing Rating Evaluation Service* for further detail.

To avoid any Conflicts of Interest, the additional restrictions set out in Section 6.1 shall apply.

6.1 Restrictions on Ancillary Services

6.1.1 NCR is prohibited from advising on matters relevant to Credit Ratings

NCR shall not, in the course of providing Ancillary Services, offer implicit or explicit advice on how to obtain a more favourable Credit Rating outcome. NCR shall therefore not provide recommendations, guidance, or strategies to improve a Credit Rating, nor shall it opine on corporate, commercial, or financial matters in a manner that could reasonably be interpreted as advice designed to influence the outcome of a Credit Rating.

6.1.2 NCR may only issue Credit Ratings that have been fully subject to the Credit Rating Process

In accordance with CRAR, a Credit Rating is defined as an opinion on the creditworthiness of an entity expressed using an established and defined ranking system of Rating categories. The CRO must ensure that NCR does not, in the course of providing Ancillary Services, inadvertently provide opinions that would meet the definition of a Credit Rating without having been subject to NCR's full Credit Rating Process. Such unintentional Credit Ratings would be unlikely to comply with the requirements prescribed by CRAR.

6.1.3 NCR shall not provide prohibited services

NCR shall not provide Ancillary Services that are expressly prohibited under CRAR, including advisory or consultancy services relating to the corporate or legal structure, assets, liabilities, or activities of a Rated Entity or Related Third Party.

7 SEPARATION OF ACTIVITIES

NCR applies a strict separation between its Commercial and Analytical Activities to avoid potential Conflicts of Interest and to ensure confidentiality. The separation of activities includes organisational, physical, and technical measures, which are described in detail in the *Routine for Separation of activities*.

Analytical Employees shall not participate in Commercial Activities, including fee discussions or marketing efforts. Commercial staff shall have no influence over the Credit Rating Process. Access to systems and information is controlled on a need-to-know basis to ensure that Confidential Information relating to Credit Rating Activities is not accessible to Employees involved in Commercial Activities. This separation extends to systems, communication channels, and decision-making processes to ensure that Analytical Employees are insulated from commercial pressures.

8 DOCUMENT INFORMATION, VERSION HISTORY AND DISTRIBUTION

8.1 Document information

DOCUMENT STATUS

Version	3.2
Author	Compliance
Status	Effective 2025-09-08
Classification	Conflicts of Interest
Adopted by:	Board of Directors

Approved on:	2025-09-08
Next review date:	September 2026

8.2 Version history

#	AUTHOR	ROLE	APPROVED	DATE	COMMENT
1.0	Thommessen	Author	Board of Directors	2018-02-06	Initial application document
2.0	CCO	Author	CEO	2019-06-28	Non-material change made to section 4 – license agreement, and 7 - pricing policy
2.1	CEO, Compliance	Policy review	Board of Directors	2020-06-16	Editorial changes.
2.2	CEO	Author	Board of Directors	2020-12-04	Amending personal account dealings in chapter 9
2.3	Compliance	Policy review	Board of Directors	2021-06-07	Added potential Conflicts of Interest for NCR's Risk Management Function and Information Security Function
2.4	Compliance	Review	Board of Directors	2022-06-09	Updated with one year rule for PAD according to instruction for PAD
2.5	Compliance	Review	Board of Directors	2023-04-20	Added Rating Evaluation Service (RES) and Conflicts of interests regarding RES
3.0	Compliance	Review	Board of Directors	2024-06-10	Revised policy. Removed repeated wording. Clarified parts and corrected references.
3.1	CTO and Compliance	Review	Board of Directors	2024-12-04	Removed section on Conflicts of Interest relating to CTO being responsible for infosec and Board review of external service providers. Editorial updates.
3.2	Compliance	Review	Board of Directors	2025-09-08	Editorial updates.

8.3 Distribution and access

ROLE	NAME	E-MAIL
	All Employees	