1. Purpose

Danske Bank Group (the “Group”), as a provider of a wide range of financial services, faces Potential and Actual Conflicts of Interest. Managing these Conflicts of Interest effectively is essential to protect the Group and its Customers and to support the Group to achieve its vision of becoming the most trusted financial partner.

The purpose of the Conflicts of Interest Policy (the “Policy”) is to enable the Group’s Employees to easily identify, prevent [when possible] or manage identified Conflicts of Interest, including, but not limited to, where such Conflicts of Interest arise in the context of Markets in Financial Instruments Directive (MiFID) and Insurance Distribution Directive (IDD).

To assist the Group’s Employees to identify, prevent [when possible] or manage identified Conflicts of Interest, this Policy includes a non-exhaustive list of common Conflicts of Interest relationships, scenarios and minimum standards to be adhered to.

Capitalised terms have the meaning ascribed to them in Annex I - Glossary.

2. Scope and application

The Policy applies to all Employees, Board Members, functions and units of the Group including all branches, Subsidiaries, wholly owned affiliates, third party providers, and any person directly or indirectly linked to the Group.

The Management Body of the Subsidiaries may approve this Policy with deviations in case this Policy conflicts with local regulatory requirements. The Policy administrator in the Subsidiary should justify the rationale behind the deviation and ensure that the administrator of the Group Policy is consulted and endorses any deviation. In case the Subsidiaries deem the Policy not relevant, it must be agreed with and endorsed by the administrator of this Policy.

The administrator of this Policy must document and report any deviations from the Policy to the Policy owner and ultimately to the Executive Leadership Team of Danske Bank A/S via the administrator of the Steering Policy. The Executive Leadership Team shall report all deviations from Group Policies to the Board of Directors.
3. Handling Conflicts of Interest

3.1 Identifying Conflicts of Interest

The first step in being able to protect the Group, Employees and Customers from being adversely affected by a Conflict of Interest is to understand what a Conflict of Interest is.

A Conflict of Interest under this Policy is a situation where the interests of the Group or persons (including Employees of the Group and legal persons) related to the Group conflicts, or may conflict, with the duty owed to Customers or Employees. This includes a duty or duties owed to the protection of the separate interests of different Customers or different Employees.

For clarity, this definition includes both Potential and Actual Conflicts of Interest.

When identifying Conflicts of Interest, differentiation should be made between:

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

Conflicts of Interest arise in a variety of relationships, which are often closely related and may overlap. A non-exhaustive list of common Conflicts of Interest relationships and scenarios is set out below.

I. Conflicts between:
   - The Group and its Customers.
   - Customers or groups of Customers.
   - The Group and its Employees.
   - Employees and Customers, including the interests of their Closely-associated persons and Conflicts of Interest that may result from past relationships.
Any (i) member of the Board of Directors, (ii) member of the Executive Leadership Team, qualifying owners of Danske Bank A/S or (iii) Employees and the Group.

Different business areas within the Group.

Different Group Subsidiaries.

II. Conflicts arise due to:

- Employees’ economic interests which are in contention with the Bank or Customer[s] interest (e.g. shares, other ownership rights and memberships, financial holdings and other economic interests in commercial Customers, intellectual property rights, loans granted by Danske Bank to a company owned by an Employee, membership in a body or ownership of a body or entity with conflicting interests).

- Employees’ personal or professional relationships (e.g. relationships with the owners of qualifying holdings in Danske Bank A/S, family relationships), other employment and previous employment.

- Employees’ personal or professional relationships and relevant external stakeholders (e.g. being associated with material suppliers, consultancies or other service providers).

- Employees’ political influence or political relationships.

- The Group’s overall business strategies and the larger interests of society as defined by governments and political institutions.

- The Group’s involvement in fixing/setting daily interbank rates and Customers, other corporates and institutions.

- Unclear organisation structure or unclear roles and responsibilities between the lines of defence, e.g. an Employee from an internal control function [2nd line of defence] performing operational tasks which fall within the scope of the activities the internal control function is intended to monitor and control.

- Employees being involved in operational tasks in multiple legal entities in the Group.

III. The Group and/or one of its Employees:

- Is likely to make a financial gain or avoid a loss, at the expense of a Customer.

- Has an interest that is different from the Customer’s interest in relation to:
  
  o the outcome of a service provided to the Customer; or
  
  o a transaction carried out on behalf of the Customer.

- Has a financial or other incentive to favour the interest of one Customer or group of Customers over the interests of another Customer.

- Conducts the same business as the Customer.

- Receives, or will receive, a benefit (monetary and/or non-monetary) from a third party in relation to a service provided to a Customer that is likely to impair the ability to act in the best interest of the Customer. Consideration should be given to the nature and scale of the benefit.

In order to protect the Group, Employees and Customers’ interests, we all have an individual responsibility across the Group to identify any Potential or Actual Conflict of Interest that could adversely affect the Group, the Employees and/or the Group’s Customers, including, but not limited to, Conflicts of Interest arising from the Group’s specific investment, ancillary services and insurance distribution activities. Group Compliance is responsible for providing advice in understanding the application and interpretation of this Policy.
3.2 Preventing Conflicts of Interest

Preventing Conflicts of Interest is an integral part of the Group’s culture to reduce the likelihood of reputational damage, loss of income and/or trust and legal risks (e.g. breach of the fiduciary duties owned by the Bank to the Customer).

To prevent Conflicts of Interest all Employees must:

- Act with integrity and exercise good judgement and discretion in their daily tasks;
- Act with the requisite degree of independence and objectivity when discharging their responsibilities at the Group;
- Prevent (when possible) situations giving rise to a Conflict of Interest due to any of the following:
  - Personal financial interest;
  - Closely-associated person’s interest or personal relationships;
  - Past, current or potential involvement in an activity whether at the Group or externally;
  - Conflicting roles and responsibilities within the Group.
- Notify their Line Manager and/or local compliance officer (2nd line compliance) of the existence and nature of a Conflict of Interest;
- Not misuse information obtained in the course of working at the Group including in connection with dealing in securities;
- Not exchange information with those of another division, business area or business unit where the exchange of that information could harm the interests of one or more Customers;
- Not handle matters on behalf of the Group where they or a Closely-associated person or company may have an interest which conflicts with the interests of the Group or its Customers;
- Not engage in business operations on their own or on any third party’s behalf without the consent from their Line Manager and HR Legal in each individual case;
- Not exercise inappropriate influence over the way in which Employees of another division, business area or business unit carry out their activities.

3.3 Managing Conflicts of Interest

Where Conflicts of Interest cannot be prevented, they must be managed appropriately. To protect the Group, Employees and/or the affected Customer[s], consideration must be given to each Conflict of Interest regarding how to manage it to the appropriate level.

The Group has appropriate means – described in Section 4 below – to manage Conflicts of Interest, which can be used individually or in combination:

- Organizational arrangement;
- Policies and procedures;
- Systems and controls;
- Disclosure designed to inform the affected parties of the Conflict of Interest and its likely impact on them;
- Declining of the service, activity or matter giving rise to the Conflict of Interest where the Conflict of Interest cannot be prevented or managed properly using other means.
Additionally, an escalation process designed to arrive at the most appropriate resolution of the identified Conflict of Interest on a timely basis is in place, described in Section 7 below.

3.4 Recording Conflicts of Interest

All Employees are obliged to identify, assess and report any matter that may result, or has already resulted, in a Conflict of Interest.

For this purpose, the Group maintains a Conflicts of Interest Register ("CoI Register") where Conflicts that have arisen or may arise in the course of the Group’s regulated services and activities or otherwise by virtue of the Group’s structure or business practices are recorded.

As part of the Group’s approach to Conflicts of Interest management, the Group’s Employees, the Business Risk & Control Functions and Group Compliance must fulfil the responsibilities outlined below:

4. Management Conflict of Interest across the Group

4.1 Framework

The Group Conflicts of Interest Policy is included in a framework consisting of related key policies, rules and directives etc. These specific elements are outlined in short below.

Conflict of Interest

The Conflicts of Interest Instruction specifies the objectives outlined in the Conflicts of Interest Policy by providing an overview of the Conflict of Interest life cycle, key information required when recording, escalating, disclosing a Conflict of Interest and the clearance protocol.

Code of Conduct

The Code of Conduct Policy<sup>1</sup> stipulates the most essential standards of integrity and fair business practice, to handle the Group’s Customers in a proper manner and to ensure that all Employees uphold a high standard of prudent and ethical behaviour.

<sup>1</sup> It is available on the public “Corporate Governance Site”.
HR Rules on outside business activities

The Group sets internal rules on how employees and Board Members may engage outside business activities to prevent or manage Conflicts of Interest.

Remuneration

The Group Remuneration Policy focuses on alignment with the principle of protection of Customers, investors and alternative investment funds that includes ensuring the prevention and management of Conflicts of Interest. When designing incentive structures and deciding on remuneration, the Group has established effective control procedures to ensure that the remuneration neither compromises the objectivity of the person when carrying out duties nor is contrary to the Customer’s best interest. Once a year on danskebank.com, the Group discloses information on the Group’s remuneration practices, which includes the remuneration of the Executive Leadership Team and other material risk takers.

Procurement

The Group Procurement Policy stipulates the Group’s standards for external expenses with third party suppliers of products and services to the Group. One of the purposes of the Procurement Policy is to ensure that the Group acts with integrity and objectivity in all procurement matters, which serves to prevent or manage Conflicts of Interest.

Rules of Procedure for the Board of Directors and Executive Leadership Team

The Rules of Procedure for the Board of Directors and Executive Leadership Team respectively include rules on how to prevent (when possible), identify, manage and adequately document Potential or Actual Conflicts of Interest between the members of those Boards and the Group.

Inducements

The Group Inducements Directive sets rules on providing benefits to and receiving benefits from a third party in connection with the provision of investment services to a Customer, where the third party does not represent the Customer. Benefits may be monetary and non-monetary. A benefit may not impair the Group duty to act honestly, professionally and with integrity in accordance with the best interest of its Customers. A benefit must be clearly disclosed to the Customer.

Gifts and Hospitality

The Group Gifts and Hospitality Directive sets clear rules that apply to all Employees for giving and accepting gifts and hospitality. This is designed to prevent or manage Potential Conflicts of Interest and to ensure that the Group always acts with integrity in our interactions with Customers and other business partners.

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2 It is available on the public “Corporate Governance Site”.
3 It is available on the public “Corporate Governance Site”.
Personal Account Transactions

The Group Personal Account Transaction Directive sets out the internal rules for Employees’ personal investing, to mitigate, prevent [when possible] and manage Potential Conflicts of Interest between Employees and Customers.

4.2 Organisational arrangements, systems and controls utilised to manage Conflicts of Interest

Information barriers and controls

At an operational level, the Group takes into account any circumstances, which may give rise to a Conflict of Interest occurring due to the structure and activities within each business area; between different business areas or entities within the Group; or between the Group and its commitments to Employees and/or external stakeholders. The Group has implemented a number of measures to either prevent [when possible] or manage Conflicts of Interest including: physical separation of Employees and business operations, separation of reporting lines, information security access controls and confidentiality agreements.

The Group has also implemented processes and systems to record and manage relevant information about Potential Conflicts of Interest in ongoing business activities, referred to as a Control Room. This assists with the identification and management of Potential and Actual Conflicts of Interest.

Segregation of duties

The Group operates within an internal control environment underpinned by a “Three Lines of Defence” framework [detailed in ERM document] that requires the independence of control functions, including Group Compliance, Group Risk Management and Group Internal Audit. Accordingly, the principles of segregation of duties are reflected in the Group’s organizational structures, procedures, reporting lines and internal controls. Based on that, it is crucial to maintain segregation of duties as a fundamental measure to prevent and manage Conflicts of Interest.

Training and monitoring

The Group ensures that the administrative framework also involves training and monitoring, including promotion of internal awareness, guidance, internal reporting, and monitoring of the effectiveness of the procedures to handle Conflicts of Interest.

Oversight of Employees’ responsibilities

The Group oversees Employees’ responsibilities including professional appointments, promotions, tenure decisions, and assesses outside business interests, i.e. independent activities, to prevent or manage Conflicts of Interest.

Research independence

To ensure that Investment Research reports produced by research analysts in the Group’s research departments are produced or distributed fairly and that they represent the research analysts’ independent view, the Group employs a number of measures to manage Conflicts of Interest:

- Supervision and editorial control are retained within the research department.
- Rules on the timing of publication are in place to ensure fairness.
Research departments are separated from other business areas of the Group using information barriers.

**Benchmarks**

In order for the Group to adequately manage Conflicts of Interest regarding benchmarks, the Group has implemented governance arrangements, which include a clear organisational structure and well-defined, transparent, and consistent roles and responsibilities for all Employees involved in the provision of a benchmark.

To support these governance arrangements the Group has established policies and procedures for the identification, disclosure, prevention, management, and mitigation of Conflicts of Interest in order to protect the integrity and independence of employees involved with benchmark determinations.

**Disclosure of Conflicts of Interest**

If the organisational and administrative measures established by the Group are insufficient to ensure, with reasonable confidence, that a Conflict of Interest with the associated risks of damaging a Customer’s interests will be appropriately managed, the Group must disclose the Conflict of Interest in question and the steps taken to mitigate it to the Customer before undertaking any business on the Customer’s behalf. Managing Conflicts of Interest in this way must only be used as a measure of last resort.

**Declining to act**

If the measures described above are insufficient to adequately address a specific Conflict of Interest related to a Customer, the Group should decline to act on behalf of the Customer. In some cases, the Group may be obliged to decline to act where it cannot identify and implement appropriate mitigation measures.
5. Roles and responsibilities

- **Board of Directors**

The Board of Directors (the “BoD”) is responsible for setting, approving and overseeing adequate policies and procedures to identify, prevent (to the extent possible), and manage Potential and Actual Conflicts of Interest within the Group.

In this context, the BoD also has to act (including but limited to recusal from decisions) to prevent (when possible), manage and adequately document any Potential and Actual Conflict of Interest between Danske Bank and any member of the BoD and any member of the Executive Leadership Team⁴.

- **Executive Leadership Team**

The Executive Leadership Team (the “ELT”) shall ensure that the policies and guidelines set by the BoD are implemented and maintained in the day-to-day operations of the Group in order to identify, prevent (when possible) and manage Potential and Actual Conflicts of Interest.

In this context, the ELT also has a responsibility to comply with all the provisions of this Policy and to take specific action (including but limited to recusal from decisions), to prevent (when possible), manage and adequately document any Potential and Actual Conflicts of Interest between Danske Bank and any member of the ELT⁵.

- **Employees**

In the Conflicts of Interest area, all Employees have an individual responsibility across the Group to:

- Identify any Potential or Actual Conflicts of Interest on ongoing basis and
- Notify their Line Manager, main contact in Business Risk & Control Function (formerly named 1st LoD Risk Function) and/or local compliance officer of the existence and general nature of the Conflict of Interest to seek advice.

- **Line Managers**

Line Managers are responsible for:

- Assessing Conflicts of Interest reported to them to determine if a Conflict of Interest exists;
- Seeking to identify, mitigate and document Conflicts of Interest in their area of responsibility;
- Ensuring that their Employees are familiar with this Policy and the related Conflicts of Interest framework and they complete the relevant awareness training;
- Adopting in their area of responsibility supplementary procedures where needed;
- Reviewing on regular basis any reported Conflicts of Interest to ensure these are being managed in accordance with any agreed solution.

- **Group Compliance**

Group Compliance is responsible for providing advice and guidance on the interpretation of the Conflicts of Interest Policy and also to provide support in setting and/or validating (if set by others) controls and mitigation measures, including those recorded in the CoI Register. Group Compliance is required to have

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⁴ To know more on how Conflicts of Interest are prevented (when possible) and managed when Board of Directors are involved please refer to the Rules of Procedures for the Board of Directors available on the public “Corporate Governance Site”.

⁵ To know more on how Conflicts of Interest are prevented (when possible) and managed when Executive Leadership Team member are involved please refer to the Rules of Procedures for the Executive Board available on the public “Corporate Governance Site”.
a general oversight of and to determine, when required, the best course of action to prevent (when possible) and manage the Conflict of Interest, including further escalation to a higher management level, where necessary.

6. Board reporting

Group Compliance will provide independent reporting on Conflicts of Interest management to the Executive Leadership Team and Board of Directors at least annually.

7. Escalation

When a Conflict of Interest is identified and cannot be prevented or managed appropriately, it must be escalated.

Escalation should first be made by email to the Employee’s Line Manager and Business Risk & Control Function within the first 24 hours since the need of the escalation raised.

If the Employee’s Line Manager in collaboration with Business Risk & Control Function cannot appropriately manage the Conflict of Interest, the matter must be escalated to the relevant local business compliance officer, when needed.

Additionally, the Group has in place in the CoI Register a specific escalation and resolution mechanism in case Live Conflicts of Interest are identified and cannot be managed properly. The Conflicts of Interest Escalation Model (“CoI Escalation Model”) is outlined within the Conflicts of Interest Instruction.

Notwithstanding the escalation process for Conflicts of Interest, the Group has in place the Escalation Policy that outlines the requirements for internal escalation and reporting of potential breaches of legislation and/or the Group’s policies and procedures. The purpose of the CoI Escalation Model and the Escalation Policy is to ensure appropriate and timely internal escalation.

8. Review

The Policy is subject to an annual review by the Board of Directors of Danske Bank A/S. Group Compliance administers the Policy and is responsible for its maintenance.
Annex I: Glossary

The below definitions apply to the terms used throughout the Policy.

- **“Actual Conflict of Interest”:** a Conflict of Interest that has arisen.
- **“Closely-associated person”**: in relation to an Employee or Board Directors member a spouse, civil partner, cohabitee partner, children or step-children, parent or parent-in-law, sibling or sibling-in-law, grandparent, aunt, uncle, nephew, niece and any other person involved in one of the following relationships:
  - A romantic relationship;
  - A personal business, commercial or financial relationship.
- **“Conflict of Interest”**: a Conflict of Interest under this Policy is a situation where the interests of the Group or persons (including Employees of the Group and legal persons) related to the Group conflicts, or may conflict, with the duty owed to Customers or Employees. This includes a duty or duties owed to the protection of the separate interests of different Customers or different Employees.
- **“Conflicts of Interest Register” or “CoI Register”**: a register where Live and Inherent Conflicts of Interest arisen or may arise in the course of the Bank’s regulated services and activities or otherwise by virtue of the Bank’s structural or business practices are recorded.
- **“Customer”**: any of the following:
  - An existing customer of the Group;
  - A potential customer of the Group [where the Group is seeking to enter into a relationship with the potential customer in respect of services or transactions]; or
  - A former customer where trust or other duties remain in place.
- **“Employee”**: any of the following
  - A permanent or temporary employee of the Group,
  - A contingent worker, individuals who are working for the Group, but are not directly employed by the Group (including officers, consultants, contractors, agency workers, etc.) or
  - An Executive Leadership Team member.
- **“Inherent Conflict of Interest”**: a Conflict of Interest that persists and needs to be managed permanently.
- **“Line Manager”**: are those who have a direct managerial responsibility for and act in a supervisory capacity on a particular employee[s].
- **“Live Conflict of Interest”**: a Conflict of Interest that arises as a result of an event or change in circumstances, either during the execution of a transaction or after the closing of a transaction, in particular where the Group retains an economic interest in the transaction. It is a Conflict of Interest that may not be foreseen and arises as a result of a single event. Usually it can be managed with a one-off measure.
- **“Management Body”**: an institution’s body, which is appointed in accordance with national law, which are empowered to set the strategy, objectives and overall direction of the institution.
- **“Potential Conflict of Interest”**: a Conflict of Interest that may arise given particular facts and circumstances, including perceived Conflict of Interest, namely a situation which may give rise to the perception of a Conflict of Interest, even where a Conflict of Interest may not in fact exist.
- **“Subsidiary”**: any legal entity in which Danske Bank A/S, directly or indirectly, holds more than 50% of the equity or voting capital share (or equivalent).
- **“Danske Bank”, “the Bank” or “The Group”**: Danske Bank A/S, its domestic and foreign branches, its representative offices and all Subsidiaries.