

# Conflicts of Interest Policy

22 June 2023

## 1. Objective

Conflicts of Interest ("Col") are where, in the course of Danske Bank Group's (the "Group") business there are actual or Potential Conflicts of Interest between the interests of the Group, its Customers, Relevant Individuals and/or other Third Parties and that, as a result, acting in one of those interests may be working against or to the detriment of the interests of another.

The Conflicts of Interest Policy ("this Policy") is designed to ensure that the Group adheres to relevant applicable laws and regulations<sup>1</sup>. This Policy supports global compliance with sufficient flexibility to adapt to requirements in the local jurisdictions.

This Policy sets out the principles for the identification and appropriate management of Col. Implementation of this Policy establishes the basis of the Group's reasonable steps to identify and to avoid a Col or manage the Col according to reasonable measures.

Lack of adherence to the Policy may lead to disciplinary actions.

## 2. Definitions

The below definitions apply to terms used throughout this Policy:

<b>Conflicts of Interest ("Col")</b>	Col are where, in the course of the Group's business, there are actual or Potential Conflicts of Interest between the interests of the Group, its Customers, Relevant Individuals and/or Third Parties and that, as a result, acting in one of those interests may be working against (to the detriment of) the interests of another. The more that interests overlap or compete, the greater the risk that a Col may arise.
<b>Conflicts of Interest Catalogue ("Col Catalogue")</b>	The Group's system of classification of Col. Each item in the Catalogue represents a type of inherent conflict situation that may arise in multiple individual instances across the Group. Policies or instructions in place are noted in the Catalogue and outline the Group's general approach to mitigating the outlined types of inherent Col risk. See the current Catalogue in the Conflicts of Interest Instruction.
<b>Conflicts of Interest Register ("Col Register")</b>	The Danske Bank A/S Register is a module in the Control Room System owned by Group Compliance. A collection of databases established by individual lines of business or departments, where individually identified live Col are recorded, along with the actions to avoid or manage the Col. Live conflicts require manual reporting in the Col Register for the relevant business or department. Where there is no dedicated Col Register but a live conflict must be recorded, the information can be entered here: <a href="https://gc-servicenow.danskenet.net/sp">https://gc-servicenow.danskenet.net/sp</a>

<sup>1</sup> Mainly Markets in Financial Instruments Directive II ("MiFID"), Market Abuse Directive II ("MAR"), European Banking Authority guidelines and European Securities & Markets Authority guidelines, and local implementation thereafter.

<b>Connected Person</b>	A partner, a spouse, a child, a relative of, and anyone who shares the same household with, a Relevant Individual, or a company or any other legal person with a connection to the Relevant Individual, and whose Investment Decisions are influenced by the Relevant Individual, on whose behalf a Relevant Individual is making Investment Decisions, who is PA Dealing on a Relevant Individual's behalf and/or with whom a Relevant Individual has a joint account for PAD Dealing or holds In-Scope Products.
<b>Control Room</b>	A dedicated Group Compliance team. The primary mandate of the Control Room team is to support and oversee the management of Col and market abuse risks in respect of conflicts regarding Customer information through key processes such as the determination of (external issuer) Insider Information, management of insider lists and strictly confidential information, information barriers, loggable events, personal conflicts (such as personal account dealing or outside business interests) and research.
<b>Customer</b>	A natural or legal person with whom a unit of the Group has a mutual agreement concerning a delivery of a service or product involving one or more transactions on an ongoing basis (e.g. deposit/investment, credit facility). It also includes natural or legal persons actively seeking to enter into or who already has a relationship with the Group for the receipt of services. This may include existing, potential or former Customers of the Group. Potential Customers include those where the Group is seeking to enter into a relationship with the potential Customer in respect of services or transactions. Former Customers include those where trust or other duties remain in place.
<b>Departments of the Group</b>	Refers to the organisation of units within the Group.
<b>Immediate Manager</b>	Danske Bank A/S, including its branches and Subsidiaries.
<b>Immediate Manager</b>	An employee of the Group to whom a Relevant Individual officially reports in respect of human resource matters.
<b>Inside Information</b>	Information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if made public, would be likely to have a significant effect on the prices of those financial instruments.
<b>Joint Venture</b>	A business arrangement in which the Group and other third parties agree to pool their resources for commercial purposes.
<b>Management Body</b>	An institution's body, which is appointed in accordance with national law or state law, which are empowered to set the strategy, objectives and overall direction of the institution. This includes both executive and non-executive / governance functions.
<b>MiFID Business</b>	Investment services and activities and, if relevant, ancillary services carried out by a firm conducting Markets in Financial Instruments Directive business (where a fiduciary duty arises).
<b>Potential Conflict of Interest</b>	The risk that a Col may arise given particular facts and circumstances. This includes perceived Col, being a situation, which may give rise to the perception of a Col even where a Col may not yet in fact exist.
<b>Relevant Individuals</b>	A Relevant Individual is defined as any of the following (a) an employee of the Group; (b) a tied agent of the Group; and (c) any other natural person whose services are placed at the disposal and under the control of the Group or who is involved in the provision by the Group of investment services and activities (directly or through an outsourcing arrangement). Natural persons performing independent legal or regulatory review of the Group (for example external auditors or regulatory monitors) are exempt from this Policy.

<b>Risk Management Area</b>	CFO area, Group Information Security, Group Compliance, Group Legal, Group Human Resources, Group Risk Management and Group Internal Audit.
<b>Subsidiary</b>	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).
<b>Supplier</b>	Any external non-affiliated legal person that supplies goods and/or services to or on behalf of the Group, including those who conduct business in the Group's name and utilise the Group's regulated entity status.
<b>Third Party</b>	Is defined as a legal entity(ies) or person(s) that is not part of the Group.

### 3. Scope

This Policy focuses on actual or Potential Conflicts of Interest that could cause detriment to a Customer or potentially to the Group. The more the interests overlap or compete, the greater the risk of conflict. It also covers the Potential Conflict of Interest caused by the existence of investment banking activities. For example, holding customer Inside Information results in a mandatory segregation of information between different parts of the Group. This Policy does not cover conflict of law or of management or governance matters.

#### 3.1. Target group

This Policy applies to Relevant Individuals, 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 a Subsidiary may approve this Policy with deviations to ensure this Policy is fit for purpose for the Subsidiary. The Policy administrator in the Subsidiary must discuss the rationale behind the deviation and ensure that the administrator of this Policy is consulted on material deviations.

The administrator of this Policy must document and report material deviations from this Policy to the owner of this Policy.

### 4. Conflicts of Interest Principles

The Group must take reasonable steps to identify, avoid, manage, disclose, register, escalate and/or report a Col.

All Departments are responsible for ensuring that when identified within their area, a Col is avoided (where possible) or adequately managed, registered or disclosed. The following content outlines the key principles for identifying, avoiding and/or managing a Col as well as associated roles and responsibilities for each principle.

Principle 1: The Group is responsible for identifying Conflicts of Interest

**If the Col risk is cross Department, involves external issuer<sup>2</sup> Inside Information and/or carries significant reputational risk, the Control Room team in Group Compliance must be consulted in advance ([Conflicts@danskebank.com](mailto:Conflicts@danskebank.com)) of sharing the Inside Information.**

Generally, Col arise due to overlapping or competing interests of parties involved in the activities of the Group. Col may arise between the following parties such as:

- The Group or its legal entities or Relevant Individuals or their Connected Persons and the Group's Customers or Suppliers;
- Customers or Groups of Customers;
- The Group and Relevant Individuals (or their Connected Persons); or
- The Group and the market (e.g. regulated market or organised trading facility).

Relevant Individuals must always pay attention to the risk of detrimental interests and should, in this context, be specifically alert to the following examples:

- The Group or a Relevant Individual failing to comply with legal or regulatory obligations;

<sup>2</sup> External issuer: Third Parties with listed securities. If the Col risk involves internal issuer Inside Information (impacting Danske Bank A/S and related securities - not client issuers), reference must be made to Group Legal because they make the determination.

- The Group or a Relevant Individual failing to fulfil a duty of care, trust or loyalty owed to another legal person (e.g. a Customer or Supplier or Joint Venture);
- The Relevant Individual's professional judgement and objectivity being compromised or preventing the proper discharge of their duties and responsibilities; and
- The Group obtaining improper advantage or treatment or giving rise to the appearance of impropriety and reputational damage, including as it relates to the manner in which business is awarded to or by the Group.

A list of Potential Conflicts of Interest is provided in the Conflicts of Interest Instruction to support the identification. Where a Relevant Individual identifies that there is a Col, they should take reasonable steps to avoid (where possible) or manage, register or disclose it (see Principles 2 and 3).

### Principle 2: The Group must take reasonable steps to avoid Conflicts of Interest

Avoiding Col effectively is essential to the protection of the Group, its Customers and in respect of other stakeholders. Relevant Individuals can avoid Potential Conflicts of Interest by considering whether their independence is compromised as a result of the circumstances and distancing themselves from the Potential Conflicts of Interest by declining to act or by recusing themselves from the business (or conflicting) situation.

Relevant Individuals must follow the policies and procedures designed to control Potential Conflicts of Interest outlined in the Col Catalogue. This includes notifying their immediate manager in the case of a Potential Conflict of Interest, unless the immediate manager is also involved in the Potential Conflict of Interest, in which case the Escalation process in section 5 should be followed.

In general terms, the following actions can assist in the avoidance of Col:

- Decline to act

The Group/part of the Group declines to provide a service altogether. This may be because legally the Group cannot manage the Col, for example where the Group has a fiduciary obligation that prohibits the Group acting in conflict with that obligation. It could also be because the Group views the Col risk as too great to be managed properly and therefore risks attracting significant reputational damage or acting to the detriment of at least one Customer. Examples of potentially unmanageable Col risk include, advising a Customer to finance its defence from being acquired and simultaneously lending money to the hostile acquirer, or where the Group does not have sufficient expertise to properly segregate resources (for example the Group is already working with one Customer and does not have another expert that can separately provide the required level of service to another Customer).

- Recusal

This means that a Relevant Individual sees a conflict in the business in front of them and removes themselves from the business decision/does not use their vote, thereby avoiding the Col. The Col arises because the Relevant Individual is aware that they cannot fairly act in respect of two or more competing interests for which they are responsible.

For example, they might have a personal interest in a company which is a Customer and which is tabled as part of the agenda at a credit committee, or they may be responsible for engaging third party vendors and they have a relative in a senior position at one of the vendors trying to be engaged by the Group.

Where a Relevant Individual recuses themselves from a committee or business decision, this fact must be documented (e.g. in the committee minutes).

### Principle 3: The Group must take reasonable steps to manage and/or disclose Conflicts of Interest

#### (a) Management of a Conflict of Interest

Where a Col cannot be avoided, it must be managed appropriately provided it is legal to do so. To protect the Group and/or the affected legal persons, consideration must be given to managing Col at the appropriate level.

The following arrangements are acceptable ways to manage Col. When considering the use of these arrangements, Relevant Individuals may decide that they are not effective in the specific circumstances presented:

- Decision independence and information barriers

Where multiple interests exist, the Group may separate the resources of the Group that are supporting two or more Customers that are competing with each other, for example creating structural and information barriers between two financing teams supporting Customers that compete commercially or in relation to a specific transaction.

- Segregation of duties

For example, the Group segregates duties within the first line of defence and between the first line of defence and the second, so that the interests of the first line are managed against the Group's objectives. Group Compliance can assist the first line business in supporting the prioritisation of Customer interests and help to demonstrate to Customers that the Group prioritises their interests and is actively seen as being conscientious in that way.

- Reallocation of activities

The Group may remove/reallocate the performance of an activity (e.g. a specific phase of a transaction) from one Relevant Individual to another to manage the Col.

- Arm's length arrangements

Establishing arrangements between different parts of the Group that, for example, ensure one part of the Group only uses the services of another part of the Group where the cost of that service is set at normal market rates. The purpose of this kind of arrangement is to maintain independence of both service user and provider as their relationship inside the Group will not have an effect on pricing or selection of the service provider.

- Legal advice

Seeking legal advice from an external law firm is an additional way for the Group to manage a Col, particularly in instances where a Col risk involves internal issuer Inside Information. The provision of this independently regulated advice will provide guidance in situations where otherwise navigating competing interests might be, or be seen to be, inappropriate.

Relevant Individuals must always consider if these mitigation/management measures will be effective in the specific circumstances of the Col.

#### **(b) Disclosure of a Conflict of Interest and obtaining consent**

In some cases, due to the nature of the Col or because of the surrounding circumstances, the Group may decide that the measures put in place to avoid or manage Col may not be sufficient to protect the interests of one or more parties. Therefore, it may be necessary to disclose the nature of the Col to the affected parties and/or seek their consent to continue. For example, advising a target company and financing an acquiring company, where an agreement may be made with each Customer that this will only continue as long as the acquisition is on a friendly and agreed basis and with no other bidders involved.

Where the Group is conducting MiFID Business, the rules do not allow disclosure of Col to a Customer as the only means of managing Col, except as a last resort. Where this is the case, the disclosure must be made prior to the MiFID Business in a durable medium (such as the Group's email retention platform); must include sufficient detail to allow the Customer to make an informed decision whether to continue the particular business with the Group; must explain the circumstances involved in disclosure being the 'last resort'; and should take into account the Customer's nature and an explanation of the risks and actions taken.

### **Principle 4: The Group must appropriately document Conflicts of Interest**

#### **(a) Conflicts of Interest Catalogue**

Inherent situations that have been identified as being likely to create Col in the course of the Group's activities are described in the Col Catalogue. The Catalogue also describes the general framework consisting of related key policies,

procedures and instructions that are relevant to the avoidance or management of Col in these areas. The Col Catalogue should be kept up to date with new areas that are likely to generate Col and with the approaches to avoid or manage Col. In the event that a new Col category needs to be added to the Col Catalogue, it must be referred to the Control Room team for consideration and potential inclusion within the Col Catalogue.

#### **(b) Individual Conflicts of Interest and Conflicts of Interest Registers**

Individual instances of a Col must be appropriately documented in the relevant Col Register, according to existing processes and procedures. The registration must at least be sufficient to demonstrate the identification of the Col and the methods taken to avoid or manage it, and to record the approvals or other decisions made in relation to the Col including by whom the approvals were given or made.

## **5. Escalation**

Where a breach or potential breach of this Policy has been identified, an Employee should report this to their immediate manager, main contact in Business Controls & Product Management and/or designated Group Compliance officer. Where the breach is also defined as an event, this must be registered and categorised immediately in ORIS according to the Non-Financial Risk Event Escalation Instruction.

The Chief Compliance Officer should escalate significant breaches of the Policy to the Executive Leadership Team and/or the Board of Directors as deemed appropriate and in accordance with the Non-Financial Risk Event Escalation Instruction. Significant breaches include:

- Failure to document the identification and mitigating measures taken by the Group on a live Potential Conflict of Interest in the Group's Register
- Failure to update a documented live Potential Conflict of Interest in the Group's Register
- Any significant violation or breach raised under subordinate instructions linked to this Policy

Other matters that may require escalation depending on their severity include:

- Failure to notify the Control Room team of an inherent Conflict of Interest which is not included in the Conflict of Interest Catalogue
- Where responsibility for a Col Catalogue item has been established, failure to document the Group's approach to the inherent Conflict of Interest described by the Col Catalogue entry

In cases where the normal escalation procedure fails, or where the breach is particularly serious, Relevant Individuals can also report concerns resulting from a Potential Conflict of Interest through the Whistleblowing Site