

Conflicts of Interest Policy

DECEMBER 2017

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’s vision of becoming the most trusted financial partner.

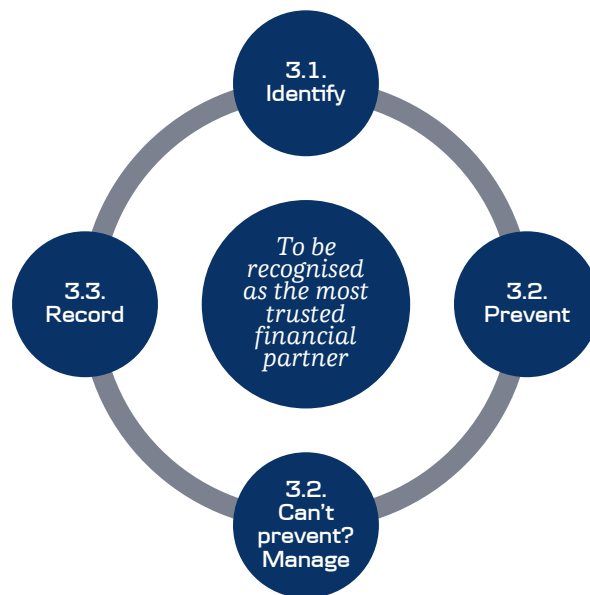
The purpose of the Conflicts of Interest Policy (the “Policy”) is to enable the Group’s employees to easily identify and prevent or manage conflicts of interest according to the core value of integrity and in a way that promotes the vision.

To assist the Group’s employees, this Policy includes examples that may arise together with minimum standards and principles for identifying and managing conflicts of interest.

2. Scope and application

The Policy applies to all employees, including the Executive Board, all functions and all units in Danske Bank A/S, as well as regulated subsidiaries once adopted by their Senior Management. Where a Group Policy conflicts with local requirements, the Senior Management of the regulated subsidiary can approve a Group Policy with deviations. Any material deviations from the Group Policy must be reported to the administrator of the Information Management Policy and the Executive Board who can choose to report it to the Board of Directors of Danske Bank A/S whenever relevant.

3. Handling conflicts of interest



3.1 Identifying conflicts of interest

The first step in being able to protect the Group and its customers from being adversely affected by a conflict of interest is to understand what a conflict of interest is. To identify a conflict of interest, consideration should be given to whether the Group or a person linked to it, including 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 in relation to:
 - the outcome of a service provided; or
 - 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.

These conflicts of interest may arise in the following general situations:

- Conflicts between the Group and its customers.
- Conflicts between customers or groups of customers.
- Conflicts between employees and customers.
- Conflicts between any member of the Board of Directors, any member of the Executive Board, or employees and the Group.

- Conflicts between the different business areas within the Group.
- Conflicts between different Group companies.

To protect the Group and our customers' interests, we all have a collective responsibility across the Group to identify any potential or actual conflict of interest that could adversely affect the Group and/or the Group's customers, including conflicts arising from the Group's specific investment and ancillary services. Group Compliance is available for advice in cases of doubt.

3.2 Preventing and managing conflicts of interest

It is an integrated part of the Group's culture to prevent conflicts of interest and, where they cannot be prevented, to manage them appropriately. For each conflict of interest, consideration will need to be given on how best to manage it to the appropriate level to protect the Group and/or the affected customer(s). With our high level of financial competence and leading innovative solutions, the Group manages conflicts of interest through combinations of systems, controls, policies and procedures.

Section 4 below includes a non-exhaustive set of the measures utilised across the Group to prevent and manage conflicts of interest together with a breakdown of the policy framework supporting conflicts of interest management.

3.3 Recording conflicts of interest

Conflicts of interest regarding regulated activities, including MiFID related products and services must be recorded in a conflicts of interest register as set out in the underlying Directive to this Policy.

4. Conflict of Interest Management 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.

Code of Conduct

The Code of Conduct Policy stipulates the most essential standards of integrity and fair business, 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.

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 Board and other material risk takers.

Procurement

The Group Procurement Policy stipulates the Group 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 Board

The Rules of Procedure for the Board of Directors and Executive Board respectively include rules on how to avoid, identify and manage potential or actual conflicts of interest between the members of those Boards and the Group.

Inducements

The Group has adopted 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's 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 has a clear set of 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.

Personal Account Transactions

The Group Personal Account Transaction Directive sets out the internal rules for employees' personal investing, to mitigate, prevent and manage potential conflicts of interest between employees and customers.

4.2 Measures utilised to manage conflicts of interest

Information barriers and the Control Room

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 business activities within a business area or between Group business areas or entities. The Group implements information barriers to either prevent or manage conflicts of interest that include: separation of premises, personnel, reporting lines, files, IT systems and confidentiality agreements.

The Group has also implemented processes and systems to record and manage relevant information about ongoing business activities, referred to as the Control Room. The Control Room assists with the identification and management of potential conflicts of interest.

Segregation of duties

The Group emphasises the importance of maintaining segregation of duties as a fundamental measure to prevent and manage conflicts of interest. Accordingly, the principles of segregation of duties are reflected in the Group's organisational structures, procedures, reporting lines and internal controls.

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 avoid 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 analyst's 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 in place robust 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 client's interests will be appropriately managed, the Group must disclose the conflict of interest in question and the steps taken to mitigate them to the client before undertaking any business on the client'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 client, the Group should decline to act on behalf of the client. In some cases, the Group may be obliged to decline to act.

5. Roles and responsibilities

The Board of Directors has a responsibility to ensure that the Group has adequate policies and guidelines to avoid to the extent possible any conflicts of interest between Danske Bank and any member of the Board of Directors, any member of the Executive Board and any other employee of the Group.

The Executive Board has a responsibility to establish and implement guidelines and procedures in order to identify actual and potential conflicts of interest across the Group.

Managers in the Group are responsible for identifying, preventing, and managing conflicts of interest in their area of responsibility by implementing the Policy and by adopting and implementing necessary supplementary procedures and guidelines where needed.

Further, the Management of the Group is responsible for ensuring that their employees are familiar with the Policy and the related Conflicts of Interest Policy framework and that they complete the relevant awareness training.

6. Board reporting

Group Compliance will provide reporting on conflict of interest management to the Executive Board and Board of Directors at least annually.