

Conflicts of Interest Policy

Board of Directors Policy

Saxo Bank A/S

Conflicts of Interest Policy

1. Introduction

This Policy is issued pursuant to, and reflects compliance with, the Directive 2014/65/EU (MiFID II), Directive 2013/36/EU (CRD IV), relevant EBA guidelines and subsequent changes and with the implementing Danish legislation that apply to Saxo Bank A/S and its branch offices ("Saxo Bank"). It is not intended to create third party rights or duties that would not already exist if the Policy had not been made available and it does not form part of any contract between Saxo Bank and any client or prospective client.

Conflicts of interest may arise between Saxo Bank and its clients, its shareholders, members of its management body (the Board of Directors and the Board of Management), employees, their closest family members, significant vendors or partners, any legal entities directly or indirectly controlled by Saxo Bank or between different clients of Saxo Bank.

This Policy is a supplement to Saxo Bank's overall general obligation to act with integrity and fairness, both towards its clients and its counterparties.

Saxo Bank is committed to professionally and fairly managing potential conflicts of interest. This Policy lays out in which circumstances conflicts of interest may arise and how these conflicts of interests should be managed accordingly.

This Policy is available to Saxo Bank's clients and partners upon request and is also made available on our websites, including www.home.saxo. Saxo Bank reserves the right to amend or supplement this Policy at any time.

2. Identification and general disclosure of the nature of potential conflicts of interest and of their sources

This Policy lays down a range of circumstances that Saxo Bank has identified, and which may give rise to a conflict of interest and potentially but not necessarily be detrimental to the interests of one or more clients, incl. clients' sustainability preferences if any. In the course of providing financial services, a conflict of interest may arise if Saxo Bank, its employees or related legal persons (directly or indirectly controlled by Saxo Bank):

- Are likely to make a financial gain, or avoid a financial loss, at the expense of a client;
- Have an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- Have a financial or other incentive to favour the interest of a client or group of clients over the interests of another client;
- Carry on the same business as the client;
- Receive or will receive from a person other than the client an inducement in the form of money, goods or services for the service in question.

These circumstances relating to clients' interests are described in more detail below.

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Saxo Bank employees, including members of its management body (the Board of Directors and the Board of Management), may have private interests which could adversely influence the performance of their duties and responsibilities and hence adversely impact the interests of Saxo Bank and/or its clients. Such interests may be linked to relationships, both past and present. These circumstances relating to Saxo Bank's interests are described in more detail in section 2.1.

2.1 Circumstances which may give rise to a conflict of interest between Saxo Bank, its employees, related legal persons and its clients

Saxo Bank has identified the following circumstances which may give rise to a conflict of interest between Saxo Bank, its employees, related legal persons and its clients (not an exhaustive list):

- a) Manufacturing or distribution of financial instruments may entail conflicts of interest as a result of e.g. exposures held by Saxo Bank before or after a sale of a product, remuneration, inducements received from Saxo Bank's partners or remuneration of employees;
- b) Saxo Bank may provide advice to clients whose interests may be in conflict or competition with other clients' interests;
- c) Saxo Bank may have an interest that is contrary to clients' transactions, e.g. when clients trade in markets where Saxo Bank acts as a market maker or when Saxo Bank wishes to invest in the same instrument as a client;
- d) When acting as market maker Saxo Bank may manage its own risk by hedging in the market which may affect market levels and thus affecting client levels including stop-loss levels. Furthermore, Saxo Bank may profit from its hedging activity even though the client's transaction declines in value;
- e) Saxo Bank, its employees (including closest family members) and related legal persons may have, establish, change or cease to have positions in securities, foreign exchange or other financial instruments covered by an investment recommendation or advice;
- f) Saxo Bank may trade in securities or other financial instruments on behalf of the clients knowing that the trades will be beneficial to Saxo Bank's, its employees' or related persons' positions in the same instruments;
- g) Saxo Bank may have an interest in maximizing trading volumes in order to increase its commission revenue, which is inconsistent with the client's personal objective of minimizing transaction costs;
- h) Saxo Bank's bonus scheme may award its employees based on the trading volume etc.;
- i) Saxo Bank may receive or pay inducements to or from third parties for the referral of new clients where the amount of remuneration is based on the fees earned from the clients; and
- j) Saxo Bank, its employees and related legal persons may have interests in business competing with Saxo Bank's clients.

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2.2 Circumstances which may give rise to a conflict of interest between Saxo Bank employees, including members of its management body and Saxo Bank

Saxo Bank has identified the following circumstances which may give rise to a conflict of interest between Saxo Bank employees, including members of its management body (the Board of Directors and the Board of Management) and Saxo Bank:

- a) Economic interests (e.g. shares, other ownership rights and memberships, financial holdings and other economic interests in commercial customers, intellectual property rights, loans granted by the institution to a company owned by staff, membership in a body or ownership of a body or entity with conflicting interests);
- b) Personal or professional relationships with the owners of qualifying holdings in Saxo Bank;
- c) Personal or professional relationships with staff of Saxo Bank or related legal persons included within the scope of prudential consolidation (e.g. family relationships);
- d) Other employment and previous employment within the recent past (e.g. a 3-month period of reporting of such conflict of interest);
- e) Personal or professional relationships with relevant external stakeholders (e.g. being associated with material suppliers, consultancies or other service providers);
- f) Political influence or political relationships; and
- g) Other interests that could lead to a conflict of interest for members of the Board of Directors and Board of Management, or that might compromise their objectivity or ability to effectively fulfil their duties to Saxo Bank¹.

2.3 Circumstances where a conflict of interest may arise in ways and/or situations which are not foreseen

This Policy includes the possible conflicts of interest between Saxo Bank (including employees of Saxo Bank) and clients which have been identified by Saxo Bank. Even though the outmost efforts have been taken to identify and manage possible conflicts of interest a conflict may arise in ways and situations which are not foreseen at the time of adoption of this Policy. In such situation, Saxo Bank may be obliged to inform the concerned client in writing before undertaking any further business.

Therefore, all relevant employees must be able to identify potential conflicts of interest and escalate the conflict before any further business is performed. As mentioned above it is not possible to list all potential conflicting situations, but indicators of situations where a potentially conflict can arise, and which has not been described or is managed satisfactorily by the existing set-up could be (non-exhaustive examples):

¹ A procedure for members of the management body exists, where conflicts of interests are identified.

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- Saxo Bank or an employee has an interest in relation to e.g. a specific transaction which is not and possibly may not be disclosed to the client and which could be of importance to the client if the client became aware of this.
- Circumstances regarding a transaction has the effect that the existing set-up for managing COI is not sufficient to manage this specific situation.

In such situation the employee should contact Group Legal immediately who will decide on the materiality of the potential conflict of interest (together with other functions of Saxo Bank to the extent relevant) and which further steps need to be taken (if any).

If it is established that the client needs to be informed about the conflict, the client as a minimum should be informed in a way so the client will make an informed decision on:

- The nature and/or sources for conflicts of interest.
- Risks to the client that arise as a result of the conflict.
- Steps undertaken to mitigate the risks.

3. Registration of conflicts of interest

Saxo Bank maintains a register of the investment services and activities and ancillary services carried out by or on behalf of Saxo Bank which in the past have given or, in Saxo Bank's reasonable assessment, could in the future give rise to a conflict of interest, which may be detrimental to the interests of one or more clients. The information in the register facilitates the management of conflicts of interests and potential conflicts of interest.

4. Managing, mitigating and preventing conflicts of interest

To manage, mitigate and prevent potential conflicts of interest, Saxo Bank maintains processes, procedures and organizational arrangements, which are referred to hereinafter.

As a preventive measure the organisational setup will be assessed continuously in accordance with applicable law and to the extent possible and where deemed proportionate the organisational setup in Saxo Bank will be amended to prevent potential conflicts of interest.

Critical arrangements of Saxo Bank's Policy for managing conflicts of interest include the following:

- a) Saxo Bank's product governance arrangements require identification and evaluation of potential conflicts of interest in order to ensure that the design of financial instruments do not adversely affect the interests of clients;
- b) All employees are bound by professional secrecy and confidential information is only to be shared if essential for performing a job function;

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- c) All employees are at all times bound to act loyally to Saxo Bank and be in full compliance with its procedures;
- d) All employees receive instructions and guidance regarding identification and reporting of a potential or actual conflict of interest;
- e) Saxo Bank is primarily a trading facilitator and will in general hedge all client orders on either a one-to-one or aggregated basis. For this reason, Saxo Bank will in general neither have any financial gain nor any other gain by situations where customers experience losses as a consequence of market movements;
- f) Saxo Bank will only hedge for such purposes and in a manner that is not meant to disadvantage the client or disrupt the market;
- g) All clients are to be treated fairly and with transparency;
- h) Research publications/recommendations contain information on any material interests or conflicts of interest that Saxo Bank or its related legal persons or the research analyst responsible for the publication/recommendation has in relation to the securities or the issuer to whom the publication/recommendation pertains employees who issue such publications/recommendations need to wait at least 24 hours from the time of the publication before they trade the security themselves;
- i) Research publications/recommendations are internally distributed exclusively at the same time as they are distributed to clients. Research analysts do not provide other Saxo Bank employees or selected clients with advance knowledge of the timing and content of forthcoming publications/recommendations;
- j) Sales and Trading personnel are not permitted to review sections of publications containing recommendations, research summary, price targets or value recommendations, even to verify factual accuracy, prior to publication;
- k) All employees are bound by Saxo Bank's rules and guidelines for employee trading as in force and effect from time to time;
- l) Saxo Bank's bonus scheme is compounded of several elements and each trade related element does not alone affect the bonus significantly; and
- m) Saxo Bank monitors the effectiveness of its policies and procedures for managing conflicts of interest.

5. Management of an identified conflict of interest

Where a conflict of interest cannot be avoided, Saxo Bank must ensure that the conflict is managed appropriately. The appropriate level of management must be informed of the conflict of interest to protect the Group and/or other legal persons. Listed below are arrangements that are appropriate for managing conflicts of interest.

- Where multiple interests are present, Saxo Bank may separate resources supporting competing customers, by e.g. establishing structure and information barriers.

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- Saxo Bank should segregate duties within the first line of defence and between the first and second lines of defence to align the first line's interests with the Group's objectives.
- To manage a conflict of interest, Saxo Bank may transfer or reassign performance of an activity from one employee to another employee.
- Establishing arrangements between different parts of Saxo Bank ensures that only one part uses the services of another at normal market rates. This maintains the independence of both the user and provider, ensuring that internal relationships do not affect pricing or service provider selection.
- Saxo Bank can seek legal advice from an external law.

5.1 Conflicts of interests of the Board of Directors and Board of Management

Saxo Bank recognises that conflicts of interest at the management body level pose significant risks to the integrity and objectivity of decision-making processes.

The Board of Directors is subject to specific rules on exposure and loan taking pursuant to Section 78 of the Danish Financial Business Act. Rules on identification and handling of conflicts of interest are set forth in the rules of procedures for the Board of Directors, which prescribes that a board member must excuse himself from participating in any discussions or decisions concerning matters where the member has a conflict of interest.

The Board of Management is subject to specific rules on exposure and loan taking pursuant to Section 78 of the Danish Financial Business Act. This Policy, including the identified circumstances of a potential conflict of interest and handling of such conflicts, applies to the Board of Management.

Any disclosure of conflict of interest of a member of the Board of Directors and the Board of Management will be recorded in the meeting minutes and the member will leave discussions and abstain from participating in any discussions or voting when a conflict has been identified.

Members of the Board of Directors and Board of Management are required to participate in regular training to reinforce the understanding and management of conflicts of interest within the management body (the Board of Directors and the Board of Management).

6. Disclosure of conflicts of interest

If the measures in place are not sufficient to avoid or manage a conflict of interest relating to a client in the client's best interest, Saxo Bank will disclose the conflict of interest before undertaking further business with the client. Such disclosure will happen as soon as possible and must always be in writing. MiFID II regulation prohibits Saxo Bank to use a conflicts of interest disclosure to a customer as a sole method of managing a conflict of interest. This should be the last resort if Saxo Bank does so.

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7. Escalate

If a breach or potential breach is identified of this Policy, the employee, including members of the management body (the Board of Directors and the Board of Management), should report to their immediate supervisor or to Group Legal. The Group Legal responsible should escalate significant breaches of this Policy to the Executive Team and/or the Board of Directors, where deemed appropriate.

Saxo Bank defines a significant risk as:

- A failure to document the identification and mitigation measures taken by Saxo Bank on an active potential conflict of interest in the conflicts of interest register, as described in point 3.
- A failure to update a documented active potential conflict of interest in the conflicts of interest register.
- Any significant violation or breach raised under subordinate instructions related to this Policy.

All employees, including members of the management body (the Board of Directors and the Board of Management), are obliged to immediately inform Saxo Bank of any interests the employee or the employee's closest family members or related legal persons may have in any business competing with Saxo Bank or Saxo Bank's clients and which could give rise to a potential conflict of interest.

8. Review

This Policy is reviewed and approved by the Board of Directors at least once a year.

9. Regulatory Background

This Policy is issued pursuant to, and reflects compliance with:

- the Directive 2014/65/EU (MiFID II);
- Directive 2013/36/EU (CRD IV);
- relevant EBA guidelines and subsequent changes and with the implementing; and
- Danish legislation that apply to Saxo Bank A/S and its branch offices ("Saxo Bank").

It is not intended to create third party rights or duties that would not already exist if the Policy had not been made available and it does not form part of any contract between Saxo Bank and any client or prospective client.