Deutsche Bank

Group Policy

Conflicts of Interest Policy – DB Group

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0. Key Data

Summary

This policy sets out the Bank’s arrangements in connection with the identification, documentation, escalation and management of conflicts of interest.

Document Category

Group Policy	☒	Non-Group Policy	☐
Group Procedure	☐	Non-Group Procedure	☐

Applicability

DB Group Globally ☒ Restricted to: [Unit(s)] / Legal Entity] / [Country]

Relevant risk-types and authorization
Policies / Procedures may only be issued by Units responsible for the respective Risk Types or owning the respective risks.

Risk Type: Conflicts of Interest

Authorization:

i)	Risk type controller, as per DB’s Risk Taxonomy; and / or	☒
ii)	Approval by the relevant risk type controller	☐
iii)	Management Board resolution	☐
iv)	Business Allocation Plan	☐

Addressees

This policy applies globally to the Bank and all Employees.

Implementation Date
Maximum one year after publication in the DB Policy Portal
Upon publication on the DB Policy Portal

1. Scope

This policy sets out the Bank's arrangements in connection with the identification, documentation, escalation and management of conflicts of interest. This policy describes:

i. what a conflict of interest is;
ii. general types of conflicts of interest;
iii. common examples of situations in which conflicts of interest may arise;
iv. the Bank's general approach to managing conflicts of interest;
v. the responsibilities of Employees (including Senior Management) in connection with the identification, documentation, escalation and management of conflicts of interest;
vi. the Bank's organisational arrangements with respect to the management of conflicts of interest;
vii. the manner in which the Bank identifies and manages conflicts of interest and the associated systems, controls, policies and procedures; and
viii. the consequences for those who do not comply with this policy.

This policy applies globally to the Bank and all Employees.

2. What are Conflicts of Interest?

There are many varieties of conflicts of interest that apply to a wide range of behaviours and circumstances. Typically, a conflict of interest arises when two or more persons have competing interests and a duty of care or trust exists between those persons. An Employee may face a conflict of interest in the course of working at the Bank which could have the potential to compromise or bias their professional judgement and objectivity or otherwise hinder the proper discharge of duties and responsibilities owed by the Employee to the Bank. Failure to recognise and appropriately manage conflicts of interest could result in inappropriate or adverse consequences for Clients, the Bank and Employees.

Conflicts of interest relevant to the Bank include those that arise between:

i. the Bank and one or more Clients;
ii. an Employee and a Client;
iii. a Third Party Representative and a Client;
iv. two or more Clients in the context of the provision of services by the Bank to those Clients;
v. an Employee and the Bank;
vi. individual Units of the Bank;
vii. individual Employees of the Bank;
viii. a material shareholder and the Bank;
ix. Deutsche Bank AG and DB Group Entities;
x. DB Group Entities;
xi. a Third Party Representative and the Bank; or
xii. the Bank and its Vendors.

3. General Types of Conflicts of Interest

A non-exhaustive list of common types of conflicts of interest is set out below.

Conflicts of interest relating to Clients can be broadly described as scenarios where the Bank, an Employee or a Third Party Representative:

i. is likely to make an inappropriate financial gain or avoid financial loss at the expense of a Client;
ii. has an interest in the outcome of a service provided to a Client or of a transaction carried out on behalf of a Client which is different from the Client's interest in that outcome;

iii. has a financial or other incentive to favour the interest of a Client or group of Clients over the interests of another Client;

iv. carries on the same business as a Client;

v. receives or will receive from a person (other than the Client) an inducement in relation to a service provided to the Client, in the form of monies, goods or services, other than a standard commission or fee for that service; or

vi. has a financial or other incentive to favour the sale of a particular product or service to a Client which is not in the best interest of the Client.

Conflicts of interest relating to the Bank can be broadly described as scenarios where:

i. an Employee's interest in the outcome of a particular activity or endeavour differs from the Bank's interest;

ii. an Employee (or, where applicable, a Family Member or Close Personal Relationship) receives a financial or other significant benefit as a result of the Employee's position at the Bank that is inappropriate in nature;

iii. an Employee has the opportunity to influence the Bank granting business or making administrative and other material decisions in a manner that leads to personal gain or advantage for the Employee or a Family Member or Close Personal Relationship;

iv. an Employee's existing financial or other interest or previous engagement in an endeavour or activity or relationship with another person, impairs or could impair their judgment or objectivity in carrying out their duties and responsibilities to the Bank;

v. a Unit of the Bank favours its interest over another Unit of the Bank which is inconsistent with the best interest of the Bank including in connection with the selection of Vendors; or

vi. a conflict of interest arises in connection with a transaction or arrangement entered into between the Bank and a material shareholder or between DB Group Entities due to the close relationship between the parties.

For the purposes of this policy, conflicts of interest include situations which may not be actual conflicts of interest but give rise to a perception of a conflict of interest.

Annex 1 includes a non-exhaustive list of specific examples of transactions and activities at the Bank that give rise or may give rise to conflicts of interest which require, as applicable, appropriate management, mitigation or prevention.

4. Approach to Conflicts Management

The Bank seeks to ensure that a conflict of interest does not adversely affect the interests of Clients, the Bank, its shareholders or other stakeholders through the identification, prevention or management of the conflict of interest.

The Bank may utilise a number of means (which may be used individually or in combination) to manage a conflict of interest including:

- organisational arrangements, systems, controls, policies and procedures designed to prevent the conflict of interest arising or to mitigate the associated risk of damage;
- disclosure designed to inform the affected parties of the conflict of interest and its likely impact on them; or
- avoiding the service, activity or matter giving rise to the conflict of interest where the conflict of interest cannot be prevented or managed effectively using other means.

5. Employee Responsibilities

In addition to the specific organisational arrangements and systems, controls, policies and procedures addressing particular conflicts of interest, this policy sets out below the standards of behaviour Employees are required to meet when performing their roles at the Bank.

5.1. Senior Management

Members of Senior Management are responsible for overseeing the identification, documentation, escalation and management of all conflicts of interest as they arise within their relevant areas of responsibility at the Bank. Members of Senior Management are required to:

- promote an appropriate culture which emphasizes the importance of ethical treatment of Clients and the fair handling of conflicts of interest;
- be engaged in the implementation of policies, procedures and arrangements for the identification, documentation, escalation, management and ongoing monitoring of conflicts of interest;
- be engaged in the clear communication of policies, procedures and expectations and the sharing of best practice throughout the Bank;
- adopt a holistic view to identifying potential and emerging conflicts of interest within and across Business Divisions and Infrastructure Functions and to facilitate informed judgements with respect to materiality and the manner in which conflicts are handled;
- raise awareness and promote adherence of Employees in completing regular training both at induction and in the form of refresher training;
- sponsor systems and controls to document, track, manage and mitigate conflicts of interest risk, and regularly review their effectiveness;
- consider the implications and take corrective action, where required, in connection with performance measurements or incentive schemes that may incentivise an Employee to act contrary to the duties and responsibilities owed to the Bank and under applicable Rules; and
- utilize management information to remain sufficiently up-to-date and informed in connection with the matters listed above.

5.2. All Employees

Employees are responsible for identifying and managing conflicts of interest on an ongoing basis and the Bank requires that all Employees:

i. comply with this policy, Rules and other applicable policies and procedures relating to the identification, documentation, escalation and management of conflicts of interest;

ii. act with integrity and exercise good judgement and discretion in line with the Values and Beliefs;

iii. act with the requisite degree of independence and objectivity when discharging their responsibilities at the Bank;

iv. avoid situations giving rise to conflicts of interest wherever possible and not allow:

  a. personal financial interest;

  b. Family Members or Close Personal Relationships;

  c. previous, current or potential future involvement (whether at the Bank or externally) in an activity or endeavour; or

  d. different roles and responsibilities at the Bank,

  to compromise or otherwise call into question their judgement, ability to act objectively or properly discharge their duties and responsibilities owed to the Bank and/or Clients, or otherwise give rise to the risk of reputational damage to the Bank including the risk of the appearance of impropriety around the manner in which business is awarded to or by the Bank or of the Bank having obtained an improper advantage or treatment;

v. immediately notify their supervisor and/or Compliance of the existence and general nature of an actual or potential conflict of interest;

vi. immediately disclose conflicts of interest to the chairperson when participating in decision making fora and if the chairperson so determines, remove themselves from the decision making process and not seek to influence such decisions any further;

vii. not be in a supervisory, subordinate or control relationship (having influence over conditions of employment) with closely related persons including Family Members or Close Personal Relationships;

viii. not misuse information obtained in the course of working at the Bank including in connection with dealing in securities;

ix. manage work-related information on the basis of the Bank's "Need to Know" principle, respecting information barriers and duties of confidentiality at all times;

x. challenge and escalate promptly issues of concern to their supervisors and Compliance so that conflicts of interest may be appropriately reviewed, managed and resolved; and

xi. upon joining the Bank and on a periodic basis thereafter, complete all attestations required by Compliance, including, where relevant, attesting to the completeness and accuracy of any relevant disclosures and questionnaires in relation to this policy within the timeframes set by Compliance.

In addition, the Bank requires Employees who act in a supervisory capacity to:

i. actively seek to identify, document and mitigate conflicts of interest in their area of responsibility including in connection with any current or planned activities;

ii. assess any conflicts of interest reported to them to determine if a conflict of interest exists;

iii. determine, after consulting Compliance and other control functions as required, the best course of action to resolve, manage or avoid the conflict of interest, including further escalation to a higher management authority where necessary or the (temporary or permanent) withdrawal of oversight of a given matter or activity from the Employee concerned; and

iv. review on an annual basis or more regularly, if required, any reported conflicts of interest to ensure these are being managed in accordance with any agreed resolution.

6. Organisational Arrangements

The Bank maintains and operates organisational, procedural and administrative arrangements designed to identify and manage actual or potential conflicts of interest.

6.1. Internal Governance Principles

The Bank is committed to maintaining an internal governance framework aligned with international standards and legal requirements. In support of this objective, the Bank applies a clear and comprehensive set of internal governance principles which are documented in the Bank's Internal Governance Principles with which all Employees are expected to comply.

6.2. Management Board and Supervisory Board of Deutsche Bank AG

Deutsche Bank AG, the parent company of the Bank is a stock corporation (Aktiengesellschaft) incorporated under the stock corporation law of the Federal Republic of Germany and the duties of members of the Management Board and Supervisory Board are, in general, owed to the Bank. Further, Deutsche Bank AG complies with the obligations under the German Corporate Governance Code relating to managing conflicts of interest, through requirements set out in the respective terms of reference for the Management Board and the Supervisory Board. The Supervisory Board issues terms of reference for both the Management Board and itself under German stock corporation law. These set out the requirements to document proceedings at the meetings, including material points of discussion and substantial considerations. Key conflicts of interest related obligations of the Supervisory Board and the Management Board are set out in Annex 2.

6.3. Board Members of DB Group Entities

The duties of Board Members are owed to their respective DB Group Entity and are not owed to any one shareholder, business line or creditor.

Board Members must generally act in the best interest of the DB Group Entity they represent and ensure that procedures are in place so that transactions between the DB Group Entity and Deutsche Bank AG and/or another DB Group Entity are generally undertaken only on an arms-length basis. In this context, Boards may consider the aligned interests of the Bank as an element in their decision-making process. The Bank's interest may be given significant weight where the Board Members consider this in the best interest of the relevant DB Group Entity. The responsibility to weigh the merits of the DB Group Entity's interests and the Bank's interests in the decision-making process is a key part of a Board Member's role and responsibilities.

In order to ensure that appropriate business decisions are made, Board Members must ensure that such decisions are unaffected by conflicts of interest. Board Members must therefore proactively identify conflicts of interest resulting from their Board position (whether as a member of the management or the supervisory function) and disclose such conflicts of interest as required by the applicable terms of reference and Rules. In particular, the Board Member must refrain from any action that might be detrimental to the DB Group Entity for which they are a Board Member. Material conflicts of interest, individually and collectively, should be adequately documented, communicated to, discussed and duly managed by the relevant Board.

In general, a Board Member must not be involved in any kind of business which is in competition with the DB Group Entity in which the Board membership is held. Board Members cannot represent the DB Group Entity in dealings with himself or herself, or with a third party represented by himself or herself, unless the relevant Rules permits such representation on the basis of consent (for example, by way of shareholders', supervisory or unitary management board resolution) and such consent is granted.

A Board Member must neither transact business within the DB Group Entity's line of business for their own account or for the account of others, nor be a general partner of a partnership or a member of the management or supervisory board of another company in the same line of business, without prior approval by the shareholders of the relevant DB Group Entity or the Board, as applicable under the relevant Rules.

6.4. Related Party Transactions or Arrangements

Transactions or arrangements entered into between the Bank and a Related Party need to be made on an independent, arms-length basis, in the interests of the group entity of the Bank that is being represented and in compliance with applicable Rules. Examples of a Related Party include parent, subsidiary or fellow subsidiaries. Employees involved in such transactions and arrangements must be conscious of the risk of conflicts of interest and the need to manage such matters appropriately.

6.5. Segregation of Functions

The Bank operates a clear structural segregation of Business Divisions and Infrastructure Functions to allow for the independent running of businesses and infrastructure functions and this is reflected in the composition of the Management Board, its terms of reference and the Management Board's business allocation plan.

Each Business Division of the Bank reports to a nominated member of the Management Board who is responsible for overseeing and managing the Business Division.

Infrastructure Functions of the Bank report independently from Business Divisions to nominated members of the Management Board who are not directly responsible for Business Divisions.

The Bank also operates an internal control environment underpinned by a "Three Lines of Defence" framework that articulates risk, control and reporting responsibilities in a consistent operating model across all three lines of defence. This requires the independence of control functions, including Compliance, Risk, and Audit.

6.6. Committee Governance

Each committee of the Bank is required by the Bank's Committee Governance Policy to have terms of reference in place. These terms must include the requirement for members of committees to consider potential conflicts of interest when determining the composition of the committee, taking into account the tasks and responsibilities of that committee.

Further, the terms of reference must require committee members to disclose potential conflicts of interest on an ongoing basis to the chairperson and the chairperson to take appropriate action to resolve such conflicts of interest. All committee members and participants in committees are expected to comply with the terms of reference of committees they participate in and to disclose conflicts of interest as they arise.

7. Systems, Controls, Policies and Procedures

The Bank employs a number of systems, controls, policies and procedures to manage conflicts of interest. A summary of the key Bank policy requirements and controls are set out below. Employees are expected to know the detail of these underlying policies and comply fully with requirements set out in these policies.

7.1. Conflicts of Interest Group-wide Minimum Standards Framework

The COI Framework for the oversight and governance of conflicts of interest consists of four elements as set out below.

7.1.1 Bank Conflicts of Interest Register

The Bank conflicts of interest register is a register of the types of conflicts of interest entailing a material risk of damage to the interests of one or more Clients that have arisen or, may arise, in relation to regulated services or activities. Additionally, the Bank conflicts of interest register identifies and records structural or business practice conflicts of interest that can arise due to the multi-services nature of the Bank's services and operations.

The information contained within the Bank Conflicts of Interest Register facilitates the effective identification, escalation and management of potential conflicts of interest and provides a basis for the training of Employees.

7.1.2 Business Selection and Conflicts Office

The COI Framework also provides for the operation of the Conflicts Office, independent of the Bank's Business Divisions, which reviews transactions, products and activities which could give rise to actual or potential conflicts of interest. The Conflicts Office oversees the operation of the Bank's transactional conflict clearance and assists in conjunction with Compliance and Legal in the management of conflicts of interest by monitoring, clearing and if appropriate, limiting or prohibiting business activities and/or the involvement of Employees in such activities. The Conflicts Office's mandate includes assisting in the management and resolution of Episodic Conflicts of interest that may arise outside of the conflict clearing process. The Conflicts Office also provides general oversight over conflict management activities at the Bank prescribed under the COI Framework and is required to regularly report on such matters to the Management Board.

In order for the Bank to be in a position to identify and manage potential conflicts of interest, material transactions involving Clients and the Bank are logged internally and analysed against existing Bank relationships and transactions.

Where required under the Bank's policies and procedures for deal logging, Employees must log potential business opportunities at the earliest possible time and prior to signing a confidentiality letter or mandate; receiving any non-public information or making a commitment, oral or written, to act for a Client.

Identified or potential conflicts of interest are evaluated by the Conflicts Office which may result in escalation to Senior Management, Compliance and Legal, as applicable or resolution through the business selection process or other conflict resolution fora.

7.1.3 Conflicts Oversight and Governance

The COI Framework sets out the organisational and administrative requirements which the Bank, its Business Divisions and its Infrastructure Functions must meet in order to identify, document, escalate, manage and report on conflicts of interests. Each Unit of the Bank is required to maintain registers of known conflicts of interest that exist within the relevant Unit.

Business Divisions are required to undertake product reviews, new product and transactional approvals and assessments of suitability and appropriateness as applicable, all of which are targeted at identifying, escalating and managing conflicts of interest.

Each Unit is required to have appropriate organisational and supervisory structures to promote sound and objective decision-making. In particular, these arrangements must comply with requirements prescribed from time to time by the Bank's Global Governance function.

7.1.4 Compliance

Compliance, as a 2nd Line of Defence function, is the “Risk Type Controller” for the conflicts of interest risk types assigned to it under the Bank’s risk governance framework and is responsible for the design of the risk management framework, setting and monitoring control standards, setting the risk appetite (in conjunction with the business and the Management Board), monitoring, and conducting risk assessments relating to those conflicts of interest risk types across the Bank.

7.2. Information Barriers and the Control Room

The Bank respects and expects Employees to respect the confidentiality of information. The Bank operates a “Need to Know” approach aimed at complying with all applicable Rules with respect to the handling of such information. Access to confidential information is restricted to those who have a proper need for the information to discharge their responsibilities consistent with the legitimate interest of Clients or the Bank. For the avoidance of doubt, and consistent with the Bank’s “Need to Know” policy, where an Employee is required by any other policy or procedure of the Bank to share information with other Employees (including Employees in different group entities or different business lines), the Employee is required to do so in accordance with such policy or procedure provided that such sharing of information does not breach this Conflicts of Interest Policy or any related policies and procedures.

The principal way in which the Bank structures its business to manage conflicts of interest is through the maintenance of Information Barriers in accordance with the Bank’s Information Barriers policies. These are designed to restrict information flows between different areas of the Bank. Information Barriers and other measures are put in place to enable the Bank and Employees to carry out business on behalf of Clients without being influenced by other information held within the Bank which may give rise to an actual or potential conflict of interest.

The Bank also has in place secure and confidential systems maintained within the Compliance Control Room, to record material information to assist in the identification and management of potential conflicts of interest. The Control Room is responsible for the maintenance of the “Watch List” and “Restricted List”. These lists assist with the maintenance and monitoring of the Information Barriers by tracking the flow of non-public information within the Bank. This enables the Bank to identify and manage potential conflicts of interest arising from sales, trading and Research activities in the period before, during and after investment banking transactions.

7.3. Execution/ Client Order Handling

The Bank requires Employees to act honestly, fairly and professionally in accordance with the best interests of a Client, including when executing, receiving or transmitting orders on behalf of a Client. Clients’ interests are protected by the Bank’s dealing policies, which for example prohibit improper conduct by the Bank traders, such as front-running Client orders.

7.4. Benchmarks

Conflicts of interest may arise in relation to the Bank’s activities associated with Benchmarks. Affected Business Divisions maintain procedures to be followed and measures to be adopted, in order to manage such conflicts of interest. These include the removal of any direct link between the remuneration of Employees involved (including supervisors of Employees involved) in the submission of Benchmarks and the remuneration of, or revenues generated by, different Employees principally engaged in another activity, where a conflict of interest may arise in relation to those activities.

Procedures and training are in place to prevent or control the exchange and leakage of information between Employees engaged in Benchmark activities where a conflict of interest may arise, including physical separation of submitters or administrators (where appropriate) from derivative traders or other users who trade in products based on Benchmarks. Administrators and submitters are not, under any circumstances, to take into account the impact or potential impact of a submission on their own (or their own desk’s) trading position or the trading position of any other individual or desk. It is also prohibited to attempt to inappropriately influence the submission rate of another submitting firm and care must be taken to avoid any discussions which might suggest collusion with other submitters and administrators. Where material conflicts of interest exist, these are escalated to the Bank’s benchmark and index committee for consideration and resolution.

7.5. Research Independence

A conflict of interest may arise where the content of Research reports or other public statements by a Research analyst do not represent the analyst's genuinely held beliefs because they have been influenced by the interests of a particular Business Division of the Bank.

In order to manage conflicts of interest, the Bank has in place policies and procedures to promote and safeguard the integrity of Research. No one may place inappropriate pressure on a Research analyst with respect to the content or timing of a Research report or a public statement made by that analyst. The supervisory structure, reporting lines and compensation criteria for Research and Research analysts are designed to maintain the independence of Research from other areas of the Bank.

7.6. Underwriting and Placing

Conflicts of interest may arise in relation to the Bank's underwriting and placing activities between the issuer Client, investor Clients and the Bank.

The Bank has in place policies, procedures and arrangements so that the pricing process, including book-building and allocations, are not detrimental to the issuer Clients' interests. Additionally, the policies and procedures prohibit the Bank from putting its own interest (including entering into agreements or quid pro quo arrangements of any kind with investor Clients in return for preferential allocations) ahead of the issuer Client, or the interest of one investor Client ahead of another investor Client.

7.7. Inducements

An Inducement could create a conflict of interest where the payment or receipt of the Inducement would distract the Bank from its obligations to serve the best interests of its Client.

In order to closely monitor potential conflict of interest scenarios with regards to Inducements, the Bank has established policies, procedures and controls around Inducements that all relevant Employees are required to follow and comply with.

7.8. Remuneration Practices

The Bank recognises that remuneration is a factor that may influence the conduct of Employees. The Bank has in place remuneration policies and procedures which set out appropriate governance to prevent remuneration structures which may incentivise an Employee to act contrary to their responsibilities, regulatory requirements or the Bank's Code of Conduct.

In line with regulatory requirements, the Bank has produced a Group compensation strategy and a compensation policy to ensure that the links between compensation practices and the Bank's business and risk strategies are clear, and also clearly understood by all Employees.

The Supervisory Board has established a compensation control committee and appointed a compensation officer which supports the Supervisory Board, in establishing, monitoring and reviewing the appropriate structure of the compensation system for members of the Management Board and Employees. The Bank's remuneration governance framework requires input from Compliance, Human Resources and Risk in relation to Employees who have a material influence on the Bank's risk profile as well as for managing director promotion candidates.

In alignment with European as well as German requirements, the Bank has implemented a "Compensation Policy for Investment Services" as a supplementary policy which specifically addresses remuneration in connection with the provision of investment services and ancillary services under MiFID. The purpose of this policy is to align the commercial interests of the Bank and Employees with the effective management of conflicts of interest, and with risk management objectives regarding conduct of business standards, in order to ensure that Client interests are not adversely affected by the Bank's incentive and remuneration practices.

7.9. Outside Business Interests

A conflict of interest may arise in respect of an Employee's Outside Business Interests. The Bank has in place policies and procedures to ensure that conflicts of interest arising from such activities are identified, managed or avoided. This includes the imposition of disclosure and approval requirements and the prohibition of those activities that give rise to conflicts of interest which must be complied with by all in-scope Employees.

An electronic register of Outside Business Interests is maintained by the Bank, reviewed periodically and utilised for conflicts management purposes.

7.10. Employee Trading

A conflict of interest may arise by virtue of Employee Trading. Under the Bank's policy for Employee Trading, all in-scope Employees must disclose and obtain approval for personal trading accounts and obtain pre-clearance for specific trading activity. This disclosure and pre-approval process is based on a tiering of Employees in consideration of their roles and responsibilities. The approval (or rejection) of a trading request is based on consideration of the Bank's group-wide activities and engagement with its Clients in order to identify and thereby manage or avoid any conflicts of interest.

The Bank monitors compliance with these requirements and breaches are subject to the Bank's red flags programme and disciplinary processes.

7.11. Gifts and Entertainment

A conflict of interest may arise where an Employee receives or offers a gift or entertainment that constitutes an inappropriate incentive for an Employee, Third Party Representative, Client or Vendor to act in a certain way. The Bank does not permit the offering or acceptance of gifts or entertainment by an Employee unless it is reasonable, proportionate and for a legitimate business purpose.

Where applicable, in-scope Employees must obtain pre-approval for gifts and entertainment and approval will not be granted by the Bank where it is seen to give rise to an actual or potential conflict of interest, is inappropriate in nature or otherwise breaches any of the Bank's policies, including but not limited to the Gifts, Entertainment and Business Events Policy and the Anti-bribery and Corruption Policy.

The Bank monitors compliance with these requirements and breaches are subject to the Bank's red flags programme and disciplinary processes.

7.12. Vendors and Third Party Representatives

The Bank operates multiple systems, controls, policies and procedures to manage the Bank's interaction with Vendors and Third Party Representatives. The Bank carries out due diligence on Vendors and Third Party Representatives and has contractual arrangements in place to protect the interest of the Bank and Clients. Conflicts of interest may arise with regards to Vendors and Third Party Representatives where, for example, an Employee involved in the procurement or hiring process has a close relationship with a particular Vendor or Third Party Representative. Employees are expected to follow the Bank's Code of Conduct and identify, escalate and manage potential conflicts of interest accordingly. It is the Employees' responsibility to escalate all matters that might reasonably be expected to impact their independence and objectivity, or otherwise interfere with their respective duties to the Bank or its Clients or give rise to a perception of a conflict of interest. Furthermore, the Bank seeks to manage actual or potential Vendor relationships which are also actual or potential Client relationships independently and on an arm's length basis and sets out the rules of engagements between the Bank, Vendors and Clients so as to manage actual or potential conflicts of interest.

The Bank's Procurement Policy governs the appropriate handling of relationships with Vendors and all Employees are expected to comply with it.

7.13. Disclosure and Client Consent

While the Bank has procedures to prevent or manage conflicts of interest, in certain circumstances those arrangements may not be sufficient to protect a Client's interest from material damage and the Client must be made aware, or alternatively the Bank may decide in the particular circumstances that the Client should be made aware of a potential for a conflict of interest and the arrangements that will be put place to manage the conflict. Where permissible under Rules and appropriate, disclosure to an affected Client may be made to inform the Client of the arrangements or to specifically seek Client consent to act.

Where it applies, MiFID does not permit disclosure of a conflict of interest to a Client as the sole means of managing the conflict of interest except as a measure of last resort. Such disclosure is required to be made prior to the provision of the relevant investment service and/or ancillary service in a durable medium and must be in sufficient detail to enable the Client to make an informed decision as to whether to accept the provision of the relevant service. The disclosure must state that it is being provided to the Client because the Bank's organisational and administrative arrangements established to prevent or manage that conflict of interest are not sufficient to ensure, with reasonable confidence, that the risk of damage to the interests of the Client will be prevented. The disclosure should take into consideration the nature of the Client and include a specific description of the conflict of interest that has arisen in connection with the proposed service. The disclosure must include an explanation as to the general nature and source of the conflict of interest, the risks to the Client that arise as a result of the conflict of interest and a description of the steps undertaken to mitigate these risks.

7.14. Escalation

The Bank operates escalation and resolution procedures for conflicts of interest (Client related or otherwise) that arise within or between Infrastructure Functions and Business Divisions of the Bank and/or between DB Group Entities.

Employees must follow the internal escalation process prescribed in the Bank's policies and procedures in connection with conflicts of interest. In the absence of a specific escalation process, Employees must inform their supervisor and/or Compliance of the existence and nature of the conflict of interest. Supervisors at the Bank are responsible for assessing the actual or potential conflict of interest and determining, after consulting relevant control functions, the best course of action, including further escalation to a higher authority and, where appropriate, notification to country or regional management or relevant Boards.

7.15. Whistleblowing

The Bank provides appropriate channels for the reporting/whistleblowing of conflicts of interest within the Bank where an Employee considers this to be the appropriate channel to draw the matter to the attention of the Bank.

The Bank's Whistleblowing Policy sets forth the procedures for Employees to report any concerns or suspicions regarding possible violations of laws, rules or regulations or possible violations of the Bank policies, standards or procedures, including the Bank's Values & Beliefs, for the countries in which it operates.

7.16. Controls Testing and Risk Assessment

The Bank tests its controls relating to the management of conflicts of interest on a regular basis to identify and remediate gaps identified in those controls. This testing programme is supplemented by regular risk assessments conducted by various functions within the Bank, including Compliance. The policies, procedures and controls relating to conflicts of interest are assessed, enabling new conflicts of interest or gaps in the controls for existing conflicts of interest to be identified and escalated for remediation.

7.17. Training

The Bank provides, and expects relevant Employees to attend or take, regular training on conflicts management and conflicts of interest related topics. This training is critical in ensuring that Employees are able to identify and escalate conflicts of interest and are aware of the processes by which they are identified, escalated and resolved. Appropriate resources are dedicated to the training and building of awareness of conflicts of interest to develop the knowledge and understanding of Employees.

8. Breach of Policy

Failure to comply with the above outlined Rules, this policy and associated policies will result in disciplinary action up to, and including, dismissal. In determining the level of disciplinary action in any particular case, the seriousness and/or frequency of the offence will be taken into account. In addition, Employees may run the risk of fines, penalties, judgments, damages, and settlements related to regulatory or legal actions against the Bank and them as individuals.

The Bank promotes a number of core behaviours, policies and procedures, which are integral to fostering the Bank's risk culture, including its awareness of conflicts of interest scenarios. Adhering to these rules is vital in order to meet regulatory expectations within the financial sector as well as the Bank's own conflicts of interest management standards. An important part of driving a strong risk culture is the consistent monitoring of breaches against the Bank's policies, procedures and control processes. For that purpose the Bank's red flags process was developed and uses objective indicators to capture Employee breaches of pre-existing policies, procedures and control processes.

In countries where it applies, the Bank's red flags process aims to help prevent potential future risks through comprehensive and forward-looking risk assessment. In addition, the consistent collation of breach-data better enables the consideration of such breaches in compensation and promotion decisions. Furthermore, the Bank's red flags process provides a procedural foundation for Employees' awareness of risk culture within the Bank and thereby allows for appropriate investigation of breaches and implementation of remediation and mitigating actions.

9. Glossary

Term	Definition
Audit	means the Bank's group audit department;
Bank	means Deutsche Bank AG, its domestic and foreign branches, its representative offices and DB Group Entities;
Benchmark	has the meaning given to such term in the Global Benchmark Policy – DB;
Board	means the governance body or bodies with responsibility for a DB Group Entity;
Board Member	means a member of a Board;
Business Divisions	means all front office divisions within the Bank: Corporate & Investment Bank; DWS; and Private & Commercial Bank;
Client	means any of the following: a) an existing client of the Bank; b) a potential client of the Bank (where the Bank is seeking to enter into a relationship with the potential client in respect of services or transactions); or c) a past client where fiduciary or other duties remain in place;
Close Personal Relationship	means any of the following: a) a romantic relationship of an Employee; b) a personal business, commercial or financial relationship of an Employee; or c) a cohabitee of an Employee
COI Framework	means the Bank's conflicts of interest framework for the oversight and governance of conflicts of interest as set out in the Conflicts of Interest: Group-wide Minimum Standards Framework Policy;
Compliance	means the Bank's compliance department;
Compliance Control Room	means the Compliance function at the Bank which is made up of regional control rooms to form part of a global network providing control room coverage for the Bank;
Conflicts Office	means the Bank's Business Selection and Conflicts Office;
DB Group Entity	means any legal entity in which Deutsche Bank AG, directly or indirectly, holds more than 50 per cent of the equity or voting capital share (or equivalent);
Employee	means any of the following: a) a permanent or temporary employee of the Bank; b) a Board Member whether or not an employee of the Bank; or c) a natural person employed by the Bank as a contractor;
Employee Trading	means personal trading activities of Employees;
Episodic Conflict	means the conflicts of interest that arise as a result of an event or change in circumstance, either during the execution of a transaction or after the closing of a transaction, in particular where the Bank has ongoing roles and responsibilities in connection with or related to the transaction or retains an economic interest in the transaction;

Term	Definition
Family Member	means in relation to an Employee, a spouse, civil partner, domestic partner, children or step-children, parent or parent-in-law, sibling or sibling-in-law, grandparent, aunt, uncle, nephew, and niece;
Human Resources	means the Bank's human resources department;
Inducement	means paying or receiving any fee, commission monetary or non-monetary benefit, or the receipt of Performance-based Commissions in relation to the provision of investment service and/or ancillary service to a Client;
Information Barriers	means the physical and electronic barriers which help control the flow of information within the Bank;
Infrastructure Functions	means the following infrastructure functions within the Bank: the Chief Operating Office; Finance; Group Audit; Group Incident and Investigation Management; Human Resources; Legal; Regulation, Compliance and Anti-Financial Crime; Research; and Risk;
Legal	means the Bank's legal department;
Management Board	means the management board of Deutsche Bank AG;
"MiFID"	means the EU Markets in Financial Instruments Directive 2014/65/EU;
Outside Business Interest	means any interests or activities undertaken by an Employee outside their role at the Bank which are disclosable to the Bank under the Bank's policies and procedures including without limitation, external business interest, directorships, external employment and political office appointments;
Performance-based Commission	means any variable monetary and/or non-monetary benefit provided to the Bank which is linked to the Bank's performance in relation to a particular matter or activity which may include commissions paid by reference to different variables including achievement of defined turnovers or sales targets. Such benefits qualify as performance-based even if they take effect in another assessment period.
Related Party	means any person or entity who is considered a related party of the Bank under applicable corporate law of the entity's country of incorporation;
Research	means the Bank's research department;
Risk	means the Bank's risk department;
Rules	means any laws, regulations, rules, supervisory expectations, codes of conduct/ethics, and standards of good or best practice relating to conflicts of interest applicable to the Bank;
Senior Management	means those Employees who are responsible for the day to day running of individual businesses and infrastructure functions of the Bank;
Supervisory Board	means the supervisory board of Deutsche Bank AG;
Third Party Representative	means any of the following: a) an appointed representative (or where applicable, Tied Agent) of the Bank who is involved in the Bank's provision of services to a Client; b) an employee of an appointed representative (or where applicable, Tied Agent) of the Bank as well as any other natural person whose services are placed at the disposal and under the control of the Bank or a Tied Agent of the Bank and who is involved in the provision of services by the Bank to a Client; or c) natural person who is involved in the provision of services to the Bank or its appointed representative (or where applicable Tied Agent) under an outsourcing arrangement;
Tied Agent	means a legal or natural person who acts on behalf of the bank under its full and unconditional responsibility, promotes investment services and/or ancillary services to clients or prospective clients, receives and transmits instructions or orders from the client

Term	Definition
	in respect of investment services or financial instruments, places financial instruments and/or provides advice to clients or prospective clients in respect of those financial instruments or investment services;
Unit(s)	means all Business Divisions and Infrastructure Functions;
Values and Beliefs	means the Bank's values and beliefs set out in the Bank's Code of Conduct; and
Vendors	means vendors, suppliers or service providers, consultants and advisors to the Bank.

10. List of Annexes and Attachments

Annex 1: Non-exhaustive list of specific examples of conflicts of interest

Annex 2: Key obligations of the Supervisory Board and the Management Board

Annex 1: Non-exhaustive list of specific examples of conflicts of interest

The below is a non-exhaustive list of specific examples of transactions and activities at the Bank that give rise to conflicts of interest which require appropriate management, mitigation or prevention:

- an Employee is managing a risk position held by the Bank the value or price of which is determined by a Benchmark (such as LIBOR, WM/Reuters) or a reference price fixing (such as a futures contract settlement/close), and therefore has a financial interest in the level of the benchmark or fixing rate. This may lead to the Employee, alone or in collusion with others, to attempt to manipulate the market or influencing contributions of submitters for their own or the Bank's benefit and to the detriment of a client;
- a Unit of the Bank manages benchmark risk and also acts as a calculation agent or submitter for the benchmark;
- a Family Member or a Close Personal Relationship who has an interest in a transaction or activity where either a Client or the Bank also has an interest and the Employee favours the Family Member or a Close Personal Relationship;
- as a result of excessive or lavish gifts or entertainment provided to an Employee, such Employee's judgement is improperly influenced, or the Employee engages in improper conduct;
- the Bank holds a proxy for a Client and votes the shares in a way that reflects the Bank's interests or that of another Client rather than those of the first Client;
- the Bank allocates a new issuance of debt or equity securities and favours certain Client investors to the detriment of the Bank's issuer Client and/or other Client investors, in return for certain benefits or promises of reciprocal business or other types of prohibited quid pro quo arrangements;
- an Employee trades a Bank proprietary position in a security whilst in possession of information about future transactions relevant to that security;
- the Bank provides corporate finance advice to one Client that subsequently becomes the target of a bid and the Bank seeks additionally to act for the bidder;
- one Unit of the Bank is inappropriately used by another Unit which owes fiduciary obligations, e.g. an investment manager to place orders with an affiliated broker dealer;
- the Bank provides advisory or financing services to one Client on the acquisition of an asset, a project or an export order and seeks to provide advisory or financing services to another Client competing or bidding for the same asset, project or export order;
- the Bank publishes favourable research on a Client (or one of its affiliates) in circumstances where the independence requirements between Research and investment banking have not been met;
- the Bank provides investment advice to a Client in respect of products manufactured by the Bank itself;
- an Employee carries out excessive trading on a Client account largely to generate commissions that benefit the Employee and the Bank;
- an Employee recommends more trades to a Client in order to meet the Employee's or Bank's revenue targets, as opposed to acting in the Client's best interest;
- an Employee recommends an investment in an asset management fund to a Client so that the Bank can withdraw its seed capital, as opposed to acting in the Client's best interest;
- the Bank sells assets held on its own books to a fund that it manages where this is not in the best interest of the fund and its investors;
- the Bank inappropriately hires a person as an employee or in another capacity in return for prohibited quid pro quo arrangements;
- an Employee, who is the administrator of a Client account that includes real estate assets, selects an appraiser for the real estate which results in a benefit for the Bank and a detriment to the Client;

- a Unit of the Bank is acting as corporate trustee on behalf of investor Clients and another Unit of the Bank is acting on behalf of the relevant issuer;
- the Bank recommends and sells products manufactured by the Bank to advisory Clients in circumstances where the Bank its own places it financial interest ahead of the Client's interest;
- an Employee recommends the selection of a Vendor by the Bank where the Vendor is associated with an Employee and the Employee fails to disclose their relationship with the Vendor to the Bank;
- an Employee has a personal financial (e.g. loan) or other relationship (e.g. Family Members, Close Personal Relationships or shared Outside Business Interest) with another Employee which interferes with the discharge of his or her responsibilities to the Bank;
- a Unit of the Bank acts as a distributor and/or advisor in connection with products manufactured by another Unit of the Bank;
- the Bank provides investment advice to a Client in respect of products manufactured by an entity from which the Bank receives an inducement;
- the Bank provides investment advice to a Client and is paid by transaction volume/turnover;
- the Bank provides insurance advice and recommendations based on the products of only one insurance provider;
- the Bank recommends and sells insurance products linked to the provision to Clients of consumer loans, mortgages or credit cards where the insurance product is sourced from only one provider and/or in circumstances where it is not made clear to a Client that the Client need not buy the insurance product as a pre-condition or that the insurance product can be purchased separately;
- the Bank provides Clients mortgage or home loan savings advice and recommendations in connection with the sale of the Bank's own products; and a Unit of the Bank sets advisor sales targets which encourage Employees to sell to Clients banking products (such as current accounts and credit cards) which Clients do not need or are not in their best interest; and
- a conflict between the Bank, a Client or an Employee, where the Client requests the Bank or an Employee to facilitate non-compliance with relevant laws or Bank policies including tax evasion, fraud or other illegalities.

Annex 2: Key obligations of the Supervisory Board and the Management Board

Supervisory Board
Key Supervisory Board member obligations in connection with conflicts of interest are:

- members must avoid activities that could lead to conflicts of interest;
- members must not pursue any personal interests through their Supervisory Board role or take personal advantage of opportunities of the Bank;
- members must disclose to the chairperson of the Supervisory Board circumstances leading to actual or potential conflicts of interest (in particular where a Supervisory Board member is engaged in a mandate for Clients, Vendors or business partners of the Bank);
- members must abstain from voting on any agenda items where a conflict of interest has been identified that may impact the member's ability to make an objective decision;
- the Supervisory Board mandate of any member must be terminated where a permanent conflict of interest is identified; and
- a member must inform the chairperson of the Supervisory Board if they are aware that another member has not properly disclosed an actual or potential conflict of interest and the chairperson of the Supervisory Board must decide on the appropriate further course of action.

Management Board
Key Management Board member obligations in connection with conflicts of interest are:

- members must avoid activities that could lead to conflicts of interest;
- members must not pursue any personal interests through their Management Board role or take personal advantage of opportunities of the Bank;
- members must disclose to the Supervisory Board (and other Management Board members as appropriate) circumstances leading to conflicts of interest between their own personal interests, interests of Family Members or Close Personal Relationships or companies they are associated with, and the interests of the Bank;
- transactions between Management Board members and the Bank must comply with the customary standards in the sector and material transactions must be approved by the Supervisory Board;
- where a Management Board member and their immediate family, either individually or collectively, hold shareholdings of over 5% equity capital of a company that has business relations with the Bank, that member must inform the chairperson of the Supervisory Board and such relationships will be considered by Audit;
- transactions by Management Board members involving shares of the Bank, or derivatives thereof, must be reported to the Bank's German regulator Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin) and the Bank; and
- Management Board members may not accept external mandates unless approved by other members of the Management Board and the chairman's committee of the Supervisory Board.