

29 April 2024

Statement on reprimand to Danske Bank A/S – review of remuneration policy and remuneration practice

1. Introduction

In connection with a themed review in the remuneration area in 2023, the Danish Financial Supervisory Authority (the Danish FSA) reviewed Danske Bank's remuneration policy and remuneration practice. The purpose of the review was to examine whether the remuneration policies and remuneration practices of the banks under review support sound and effective risk management.

2. Summary

The Danish FSA finds that Danske Bank's remuneration policy does not comply with the remuneration rules in one specific area. The Danish FSA also finds that Danske Bank did not ensure that the chairperson of the Board of Directors in the board's report to the annual general meeting on 16 March 2023 accounted sufficiently for the remuneration of the Board of Directors and the Executive Leadership Team. The Danish FSA has therefore issued two supervisory reactions to Danske Bank.

Measures to prevent conflicts of interest

When a bank offers variable remuneration, it is important that specific measures have been taken to prevent conflicts of interest arising from remuneration risks.

Danske Bank's remuneration policy does not sufficiently describe the specific measures taken by the bank to prevent conflicts of interest. Because the bank offers variable remuneration as a fixed element of its remuneration practice, it is particularly important that the bank is aware of the conflicts of interest that may arise from the variable remuneration and the measures that may be taken to counter such conflicts of interest. Danske Bank has therefore been ordered to describe in its remuneration policy the specific measures taken by the bank to prevent conflicts of interest.¹

The chairperson's account of management remuneration

In the board's report to the bank's supreme body, the chairperson of the Board of Directors must account for the remuneration of the Board of Directors and Executive Leadership Team. The account must contain information about remuneration in the preceding financial year and information about the expected remuneration in the current and the next financial years. A general recap of the management remuneration is essential to support the shareholders' opportunity to vote and thus influence the remuneration policy.

The Danish FSA finds that the chairperson's report on the bank's management remuneration at the annual general meeting on 16 March 2023 was insufficient because it did not include the general remuneration level for the Board of Directors and the Executive Leadership Team. Information about the management remuneration was included under other agenda items to a minor extent and was presented by the chair of the meeting. A reprimand has been issued to Danske Bank in this respect.²

¹ The order was issued pursuant to section 9(3)(iii) of Danish Executive Order no. 1242 of 10 June 2021 on remuneration policies and remuneration in banks, mortgage credit institutions, brokerage firms, investment management companies, investment associations and certain holding companies (the Danish Executive Order on Remuneration).

² The order [sic] was issued pursuant to section 77d(3) of the Danish Financial Business Act.