

Active Ownership Policy

1. Objective

This Policy aims to describe our ambitions and general commitment to Active Ownership enshrined by the Responsible Investment Policy while ensuring adherence to applicable laws, regulations, internal governance and rules, market standards and external commitments to which Danske Invest Management is affected as part of the Danske Bank Group¹.

2. Definitions

The below definitions apply to the terms used throughout the Policy. Any term not defined herein shall have the meaning as ascribed to it in the Responsible Investment Policy:

Active Ownership	The use of rights and position of ownership to influence the activities or behaviour of investee companies based on financial and/or impact materiality considerations. Active ownership is exercised by taking an active interest as an investor in the investee companies' circumstances, development, and management, and by adopting a long-term focus in the company in line with, for instance, the EFAMA Stewardship Code and the Shareholder Rights Directive II.
Danske Bank	Danske Bank A/S
Danske Invest Management	Danske Invest Management A/S
Environmental & Social Materiality (also referred to as "societal materiality" and "impact materiality")	The inside-out impacts that an issuer's/company's economic and financial activities have on sustainability factors.
ESG	Environmental, social or governance
Financial Materiality	The outside-in impacts that sustainability factors may have on a company's/issuer's economic and financial activities throughout their entire value chain (both upstream and downstream), affecting the value (returns) of such activities.
Funds	UCITS funds and alternative investment funds managed by Danske Invest Management.
Group	Danske Bank with its subsidiaries.
Investment Management	The management of funds on behalf of investors
Investment Manager	The party undertaking and/or advising on investments of assets on behalf of the Funds

¹ See Appendix A.

Principal Adverse Impacts	Negative impacts that investments might have on Sustainability Factors as measured through indicators defined in SFDR.
Responsible Investment Policy	The Responsible Investment Policy for Danske Invest Management
SFDR	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector
Sustainability Factors	Environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters
Sustainability Risk	An environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment
Target Group	The group of people, subsidiaries, areas and/or functions, for whom the governing information is intended to be directly applicable.

3. Scope

The Policy covers the Active Ownership activities of Danske Invest Management that are associated with Investment Management activities for our Funds.

Principles herein in respect to Active Ownership are equally relevant to the equity capital of Danske Invest Management.

The Policy does not apply directly to investments in structured products, derivatives, or externally managed funds. As further described in Fund disclosures, specific deviations might also be needed at the level of individual strategies that do not – due to the nature of such strategies – enable us to abide to all principles outlined herein. This goes for instance to Funds designed in a manner to meet client specific voting needs.

3.1 Target group

This Policy applies to Investment Management on behalf of Danske Invest Management as conducted by employees or third party delegates involved in the management of the Funds.

4. Policy Content

4.1 Active Ownership Approach

Together with our Investment Managers, we conduct Active Ownership as a measure to protect the value of our investors' investments and generate attractive returns. We also leverage Active Ownership to manage Environmental and Societal Impact of our investments..

While there is no “one size fits all” to Active Ownership, Danske Invest Management performs Active Ownership e.g. in the following situations:

- When needed in order to protect the value of an investment; and/or

- When needed in order to manage Principal Adverse Impacts, including adverse impacts managed through the Net Zero commitments under the Net Zero Asset Managers Initiative that we as part of Danske Bank Group are committed to.

We seek to be active owners and influence companies directly through dialogue, voting and collaboration with peers, like-minded investors and stakeholders. Our Active Ownership approach is based on the belief that applying Active Ownership in certain situations can facilitate the resolution of challenging issues more effectively than the imposition of exclusions and/or divesting, which could limit opportunities to be a responsible investor. By remaining invested and engaging with the companies we believe that we can influence the companies to properly manage sustainability risks, reduce their negative impact or maximise positive impact on the environment or other societal dimensions.

4.2 Monitoring of investee companies

Active monitoring of investee companies is a prerequisite for Active Ownership and thus an integral part of our Active Ownership strategies and processes.

The Investment Managers seek to identify and consider Sustainability Factors that could impact an investment (e.g. as Sustainability Risks), or be impacted by an investment (e.g. through Principal Adverse Impacts). This includes understanding the companies' business models, strategies and ability to mitigate risks and leverage opportunities, and to assess the potential positive and negative impact of material financial factors and sustainability factors on performance and society.

The Investment Managers reviews financial and sustainability information from multiple data sources (including but not limited to company reports and third-party investment research). Topics and scope may be regularly decided upon, through an assessment of relevance, including Financial and Environmental and Social Materiality. Topics include e.g., strategy, financial and non-financial results, risk, capital structure, social and environmental effect, and proper corporate governance.

4.3 Managing conflicts of interest

The Investment Managers shall pay particular attention to possible conflicts of interest when conducting Active Ownership activities. Conflicts of interest may arise from, but are not limited to:

- Affiliations
- Business relationships
- Cross-directorship
- Diverging interests of customers and beneficiaries
- Employees linked personally or professionally to an investee company

The managers must manage conflicts of interest according to their Conflict of Interest policy as well as by making sure that any engagement is exercised in line with the best interest of the investors.

4.4 Reporting of Active Ownership activities to investors

The Active Ownership activities are disclosed in a semi-annual report online, whereas voting statistics are updated online 2 days after a general meeting has taken place.² Activities are also disclosed in Funds annual reports.

² See Danske Bank Voting Dashboard: <https://vds.issgovernance.com/vds/#/NzIzNA==/>

4.5 Ways of implementing Active Ownership

Active Ownership is conducted mainly through: 1) Individual engagements; 2) Collaborative engagements, and 3) Voting.

Engagement and voting practices are interrelated and feed into each other. As such, one activity can be the initiator or the complement of the other.

4.6 Individual Engagements

The Investment Managers engage on a regular basis with investee companies on material sustainability matters to seek improvement in performance and processes in order to enhance and protect the value of our investments.

Reasons for dialogue can be, but are not be limited to, the following:

- Inform about voting decisions and guidelines
- Clarify publicly disclosed information from company
- Conduct research
- Identify and assess quality of available data
- Understand performance and identify potential vulnerabilities
- Develop insights into risks and opportunities
- Identify potential regulatory developments and impacts

The Investment Managers can interact with companies in different ways (e.g. letters, emails, one-to-one meetings, conferences, site visits, etc.) and with preferred company representatives (e.g. Board, chairman, CEO, Investor Relations, Sustainability).

The teams must be aware of the risk that they may have obtained insider knowledge with a need to adhere to Market Abuse Regulation and Market Abuse Directive.

If an engagement is unsuccessful, the team can decide to escalate the engagement, vote at the general meeting, hold/maintain weighting, decrease weighting, and/or sell/divest.

4.7 Collaborative Engagements

When appropriate, we collaborate with peers, like-minded investors and other relevant parties to exercise Active Ownership through our Investment Managers by engaging through joint dialogue, and contributing collectively in respect to governance and sustainability dimensions. It might be appropriate to raise the issue with others, in instances where our own engagement may have proven to be unsuccessful.

Collaborative engagements capture any interaction between a group of investors joining forces vis-à-vis the investee company on sustainability matters, with the goal of improving (or identifying the need to influence) sustainability practices and/or disclosure. Collaborative engagements also include reaching out to other investors to get support on engagement activities, discuss voting issues, and make proposals for general meetings. This can be done on an ad-hoc basis or through formal investor networks or membership forums. Cooperating with other shareholders takes place on a regular basis and is not subject to any frequency targets.

As part of the Danske Bank Group, we also participate in investor initiatives to encourage increased transparency and sustainability standards in companies and financial markets, such as e.g. the CDP, Institutional Investors Group on Climate Change (IIGC), Paris Pledge for Action, The Montreal Pledge, The Task Force on Climate-related Financial Disclosures (TCFD), and the UN-supported Principles for Responsible Investment (PRI). The complete list of initiatives that Danske Bank is part of is available on the website.

Collaborative engagements may, depending on the situation, be subject to market abuse and insider trading regulations.

Trading should not be conducted based on knowing another investor's intentions and collective engagement may, depending on the situation, be subject to flagging according to applicable regulation.

4.8 Voting

Danske Invest Management's approach is to accept the delegation of discretionary proxy from the Funds and further delegate the discretionary proxy to Danske Bank. Alternatively, Danske Invest Management supports delegation of the discretionary proxy from the Fund Boards directly to Danske Bank.

The decision to give the discretionary proxy to Danske Bank can be redrawn with immediate effect.

To avoid conflicts of interests voting at the general meeting in Danske Bank is not part of the general discretionary proxy to Danske Bank and may only take place when individually approved by the independent member of the Danske Invest Management Board representing the Danish UCITS alternatively the independent member representing the Luxembourg UCITS. The Board of Directors of the Danish Funds will maintain the voting right at the Danish Funds general meetings.

As investors, the general meeting is an opportunity to voice our opinion on issues of key importance to corporate governance, and contribute to a company's sustainability performance. As a general guideline, we support company management; however, we will access our shareholder rights to vote in line with our fiduciary duty, which is to consider what is in the best interests of our customers.

By the delegation to Danske Bank we vote at general meetings of companies where we represent relevant holdings in accordance with Danske Bank's outlined voting scope. Danske Bank vote either by themselves or through a service provider by proxy or in person by attending general meetings (or a combination of both).

Before voting, Danske Bank assess resolutions as well as apply Voting Guidelines of Danske Bank Group and market standards to each agenda item. The Voting Guidelines are available on Danske Bank website.

Delegation of the voting power to other parties than Danske Bank can take place for bespoke funds targeting institutional clients. In that case, it will be the Active Ownership Policy of that party that will be the base for the voting. The decision not to vote is also an option for these Funds.

4.9 Research & Training

The Investment teams must obtain and maintain an appropriate level of competence to carry out their responsibilities and be aware of relevant requirements that is applicable to a specific asset class and investment strategy.

Appendix A

A non-exhaustive list of applicable sectoral regulations and external standards that have been taken into account by the Active Ownership Instruction:

EU Regulations and Directives (as implemented under national laws):

- Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 regarding the encouragement of long-term shareholder engagement (**Shareholders Rights Directive II**)
- Regulation (EU) 2019/2088 of the European Parliament and Council on sustainability related disclosures in the financial services sector (**Sustainable Finance Disclosure Regulation**)
- Regulation (EU) 2014/596 of the European Parliament and Council on market abuse (**Market Abuse Regulation**)
- Directive (EU) 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (**UCITS**)
- Directive (EU) 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers (**AIFMD**)
- Directive (EU) 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (**MiFID II**)

External Standards & External Commitments

- UN Sustainable Development Goals (**SDGs**)
- UN Global Compact
- UN Guiding Principles on Business and Human Rights
- UN Principles for Responsible Investment
- G20/OECD Principles of Corporate Governance
- OECD Guidelines for Multinational Enterprises
- SASB
- The Danish Stewardship Code
- The Swedish Stewardship Code
- The Norwegian Stewardship Code
- The Finnish Stewardship
- EFAMA Stewardship Code
- Net-Zero Asset Managers Initiative
- Net-Zero Asset Owners Alliance
- The Task Force on Climate-related Financial Disclosures (TCFD) o CDP (formerly Carbon Disclosure Project)
- Emerging Markets Investor Alliance (EMIA)
- Climate Action 100+
- Institutional Investors Group on Climate Change
- Paris Pledge for Action
- The Montreal Carbon Pledge
- ShareAction
- Science Based Target Initiative
- Finance for Biodiversity Pledge
- PRI - Advance
- FAIRR

Danske Bank Group position statements

- Danske Bank Position Statement Agriculture
- Danske Bank Position Statement Climate Change February 2022

- Danske Bank Position Statement Fossil Fuels
- Danske Bank Position Statement Mining and Metals
- Danske Bank Position Statement Arms and Defence
- Danske Bank Position Statement Forestry
- Danske Bank Position Statement Human Rights