

Active Ownership Policy

1. Objective

This Policy aims to describe Danske Investment Management's ambitions and general commitment to Active Ownership on behalf of the Funds while ensuring adherence to applicable laws, regulations, internal governance and rules, market standards and external commitments¹.

2. Definitions

The below definitions apply to the terms used throughout the Policy. Any term not defined herein has the meaning ascribed to it in the Responsible Investment Policy²:

Active Ownership	The use of rights and position of ownership to influence the activities or behaviour of investee companies and other issuers based on financial and/or impact materiality considerations. Active ownership is 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. Active ownership is exercised primarily through engagement, either directly or through collaborative initiatives with like-minded investors, and where relevant, voting at their general meetings.
Danske Bank or the Bank	Danske Bank A/S
Danske Bank Group or the Group	Danske Bank, its branches and its subsidiaries.
Danske Invest Management	Danske Invest Management A/S
Engagement Guidelines	The Engagement Guidelines for Danske Bank
Enhanced Sustainability Standards	Danske Bank's proprietary screening model that supports the exclusion of certain companies/issuers engaged in certain activities and conduct deemed harmful to society.
Environmental & Social Materiality	The inside-out impacts that an issuer'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 an issuer's economic and financial activities throughout their entire value chain (both upstream and

¹ For examples see Appendix A.

² See the Responsible Investment Policy at:

https://www.danskeinvest.dk/docs/didken_responsible_investment_policy_dima.pdf

	downstream), affecting the value (returns) of such activities.
Funds	UCITS funds and alternative investment funds managed by Danske Invest Management.
Investment Manager	The party undertaking and/or advising on investments of assets on behalf of the Funds
Principal Adverse Impacts	A principal adverse impact is any impact of investment decisions or advice that results in a negative effect on sustainability factors, such as environmental, social and employee concerns, respect for human rights, anti-corruption, and anti-bribery matters.
Proxy Voting Provider	An external provider of research, analysis and corresponding services that supports investors in the execution of votes at the general meetings of companies.
Responsible Investment Policy	The Responsible Investment Policy for Danske Invest Management
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.
Voting Guidelines	The Voting Guidelines for Danske Bank.

3. Scope

The Policy covers Danske Invest Management's Active Ownership activities that are associated with investment management activities for the Funds.

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

The Policy applies differently depending on the asset class that the Funds are investing in. For example, for listed equities, both engagement and voting activities are in scope. For fixed income and credit only engagement activities are in scope. The Policy does not apply directly to investments in illiquid alternatives, structured products, derivatives, or funds managed by other management companies.

The Funds will, as a main rule, adhere to the principles in the Danske Invest Management Policies on Active Ownership and Responsible Investment. As further described in Fund disclosures, specific deviations might 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. Active Ownership

Together with our Investment Managers, Danske Invest Management may use Active Ownership as a means to protect the value of our investors' investments and generate attractive returns. Active Ownership may also be applied as a way to manage the Principal Adverse Impact of the investments under management.

The 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 our opportunities as a responsible investor. By remaining invested and engaging, Danske Invest Management believe that we are better positioned to influence companies and other issuers to properly manage Sustainability Risks, reduce their negative impact or maximise their positive impact on the environment or other societal dimensions.

Danske Invest Management seeks to represent Funds as an active owner and to encourage and influence issuers directly through dialogue, and, as relevant, voting and collaboration with peers, like-minded investors, and stakeholders. We expect that our Investment Managers target engagement activities towards issuers, where they have identified immediate or long-term sustainability and/or governance related issues, including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and proper corporate governance.

Engagements should be done when material environmental and/or social sustainability related issues have been identified. Engagement can also be exercised as a tool to seek further clarification with issuers on matters such as data/research provided by third-party providers, and to establish a better understanding of our investments. As such, engagements can be used to, among others:

- inform about voting decisions and the Voting Guidelines
- clarify available disclosures from the issuer
- increase insights and conduct research
- understand performance and identify potential vulnerabilities
- develop insights into risks and opportunities that could impact the issuer
- identify potential regulatory developments that could impact the issuer
- provide feedback to issuers on the development of their respective processes, strategies and/or management systems

4.1 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.³ Activities are also disclosed in Funds annual reports.

4.2 Methods of Exercising Active Ownership

Active Ownership is exercised through: 1) Individual engagements; 2) Collaborative engagements, and 3) Voting at General Meetings.

Engagement and voting are interrelated and for corporate issuers, these two methods can support each other. For example, engagement or progress made thereunder may guide the decision on proposals tabled at a company's general meeting and conversely a proposal

³ See Danske Bank Voting Dashboard: <https://vds.issgovernance.com/vds/#/NzIzNA==/>

tabled may inform the focus or objectives of subsequent engagement with the issuer. As such, one activity can be the initiator or the complement of the other.

If Active Ownership is unsuccessful, the engagement can be escalated. Examples of forms of escalation, include but are not limited to, the Investment Manager using the outcome or progress of the engagement to inform their vote at the general meeting, hold/maintain weighting, decrease weighting, sell/divest the position and/or exclude. These actions are undertaken at the discretion of the relevant Investment Manager on the severity of the issue in question and likelihood that continued efforts would lead to the desired outcome. As with all actions undertaken under this Policy, the guiding principle determining the best course of action for escalation is the fiduciary duty to safeguard investors' interests. If exclusion of the issuer from the investable universe is identified as the best course of action, it is subject to the process and governance outlined under the Exclusion Instruction.

4.2.1 Individual Engagements

Engagement activities is conducted through the Investment Manager.

Engagement may be exercised to support individual strategies and/or in the context of the broader processes and commitments applied for the funds, including but not limited to the Enhanced Sustainability Standards Screening, and Net Zero and Biodiversity engagement targets.

For actively managed strategies, engagement form part of the day-to-day management and monitoring of portfolios. The Investment Manager may engage with issuers when needed to seek improvement in performance and processes and/or when deemed required to enhance and protect the value of investments. The Investment Managers may also engage with issuers as part of their due diligence for a given investment.

Engagements may consist of multiple interactions with an issuer and can take various forms.

Danske Invest Management's approach to engagement seeks to align with the Engagement Guidelines of Danske Bank.

4.2.1.1 Engagement scope

According to the Engagement Guidelines of Danske Bank, engagement is undertaken for funds where engagement form an integral part of the investment strategy.

The engagement scope of individual engagement activities is steered by below principles:

- *Principle no. 1: Materiality Assessment*
Engage with issuers with negative operational performance and/or when a severe sustainability event has occurred. In addition, engagements are conducted with issuers for which engagement may improve the investment case or can mitigate investment risk based related to governance and/or sustainability issues.
- *Principle no. 2: Commitments*
Engage with issuers that have been defined as part of target commitments established through Danske Invest Management's involvement - through the appointment of Investment Manager - in the Net Zero Asset Manager Initiative or through individual commitments established, such as with regards to the application of the Danske Bank proprietary Biodiversity Assessment Framework and Net-Zero Pathway Framework.⁴
- *Principle no. 3: Material exposure*
Engagements with issuers are predominantly undertaken with investments where Danske Invest Management manage a material ownership stake exceeding a value of 75 DKK mil or with an ownership stake of >0.4%. However, on an ad-hoc basis engagement and due to specific commitments, engagements can be carried out with issuers where we

⁴ See Net-Zero Pathway Framework for investee companies at <https://danskebank.com/sustainability-related-disclosures>

hold a more limited ownership stake and/or where none of our managed strategies are currently invested.

As a main rule, engagements are not exercised in the following situations:

- with issuers involving excessive formalities or administrative costs
- under circumstances where it is difficult to justify the financial cost of exercising engagements

4.3 Collaborative Engagements

When appropriate, we through our Investment Manager 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 the Investment Manager own engagement may have proven to be unsuccessful.

Collaborative engagements capture any interaction between a group of investors joining forces vis-à-vis the issuer on sustainability matters, with the goal of improving (or identifying the need to influence) sustainability practices and/or disclosure. Collaborative engagements may also include reaching out to other investors to get support on engagement activities and proposals tabled at general meetings. Cooperating with other stakeholders is not subject to any frequency targets and can be done on an ad-hoc basis or through formal investor networks or membership forums.

Through the appointment of Investment manager, Danske Invest Management also participate in investor initiatives to encourage increased transparency and sustainability standards in companies and financial markets. This includes, for instance, CDP, Institutional Investors Group on Climate Change (IIGCC), Paris Pledge for Action, The Task Force on Climate-related Financial Disclosures (TCFD).

The participation in collaborative engagements must always respect and comply with applicable competition laws, and internal policies and guidelines relating to this.

4.4 Voting at General Meetings

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 the steering of a company's sustainability performance.

By the delegation to Danske Bank, Danske Invest Management vote at general meetings of companies where the Funds represent relevant holdings in accordance with Danske Bank's outlined voting scope. Danske Bank vote either by themselves or through Danske Banks Proxy Voting Provider.

Before voting, an assessment of the recommendations received from the Proxy Voting Provider is conducted against the Voting Guidelines of the Danske Bank Group and market standards. 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.

4.4.1 Voting scope

In accordance with the Voting Scope defined under the Danske Bank Voting Guidelines, Danske Invest Management seeks to ensure that votes are cast for all shares, where Danske Invest Management is mandated to exercise voting. The voting activities may be constrained by preconditions, resources, and the costs of exercising voting rights, however, voting is always performed for assets within the voting scope.

The voting scope covers all shares in fund that through disclosures confirm to have voting activities performed. The voting scope is in that respect steered by the following principles:

- *Principle no. 1: At least 80% of Equity Portfolio Value - Aggregate Level*
Vote on the largest holdings in the funds on an aggregated level (in terms of market value), meaning the sum of the voted holdings should exceed 80% of the total equity portfolio value of the funds (excluding Voting Scope Exemptions).
- *Principle no. 2: At least 80% of Equity Portfolio Value - Individual investment*
Vote on the largest holdings on an individual fund in scope (in terms of market value), meaning the sum of voted holdings should exceed 80% of every individual fund's equity portfolio value (excluding Voting Scope Exemptions).
- *Principle no. 3: Substantial ownership (>0.40%)*
Vote all shareholdings that have substantial ownership, meaning exceeding 0.40% of votes or capital in an investee company.
- *Principle no. 4: Issues of material importance*
Vote on issues of material importance, which could be related to, for example, shareholder proposals regarding the environmental, social area, board diversification, political lobbying and/or media attention.
- *Principle no. 5: Commitments*
Vote the shareholdings in companies relevant to initiatives that Danske Bank has committed to, such as Climate Action 100+, the Net Zero Asset Manager Initiative, Nature Action 100.
- *Principle no. 6: Engagements*
Vote on issues related to specific present and previous engagements, taking into consideration the progress made under the engagement.

As a main rule, voting is not exercised in the following situations:

- at general meetings of companies whose shares are listed on markets involving excessive formalities or administrative costs
- under circumstances where it is difficult to justify the financial cost of exercising voting rights
- for investee companies domiciled in countries for which our custodians do not offer proxy voting services

4.5 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 Policy:

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
- International Sustainability Standards Board (ISSB) of the IFRS
- The Danish Stewardship Code
- The Swedish Stewardship Code
- The Norwegian Stewardship Code
- The Finnish Stewardship
- EFAMA Stewardship Code
- Net-Zero Asset Managers Initiative
- 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
- ESG4Real
- Paris Pledge for Action
- ShareAction