

Responsible Investment Policy

February 2022

1. Objective

The objective of this Responsible Investment Policy is to establish Danske Bank's approach to Responsible Investment while ensuring adherence to applicable laws, regulations and internal governance and rules.¹

The Responsible Investment Policy also enshrines our commitments to the external standards² that we have endorsed, as a cornerstone of our ambition to integrate sustainability into our core business and vision to be recognised as the leading Nordic bank within the area of Responsible Investment. Moreover, when our customers entrust us with their assets and savings, it is our duty to serve their interests by providing investment solutions with the goal to deliver competitive and long-term performance and we consider that Responsible Investment is an integral tenet of this duty.

2. Definitions

The below definitions apply to the terms used throughout the Policy.

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| Active Ownership | the use of rights and position of ownership to influence the activities or behaviour of investee companies by taking an active interest as an investor in investee companies' circumstances, development, and management, and a long-term focus in the company in line with for instance the EFAMA Stewardship Code and the Shareholder Rights Directive II. |
| Do No Significant Harm | a principle ensuring that neither environmental nor the social objectives of an investment are significantly harmed. |
| ESG | environmental, social or governance. |
| Environmental and Social Materiality | external impacts of a company's activities and how the company significantly affects society and environment, including Principal Adverse Impact. |
| Exclusions | also referred to as restrictions, consists of the exclusion of certain sectors, companies, products from investment |

¹ As set out in the appendix.

² As set out in the appendix.

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| | universes for the identified adverse sustainability impacts of their activities, operations or services, expressed weak sustainability standards and/or failure to meet minimum social safeguards. |
| Financial Materiality | any factor reasonably likely to significantly impact the financial condition or operating performance of a company or investment. |
| Group | Danske Bank A/S with its subsidiaries. |
| IBIPs | Insurance-based investment products. |
| Inclusion | the active inclusion of companies within an investment universe because of the social or environmental benefits of their products, services and/or processes |
| Investment and Investment Related Products | managed portfolios, alternative investment funds, IBIPs, pensions products/schemes and/or UCITS products. |
| Investment Management | the management of investments on behalf of clients. |
| Principal Adverse Impact | a concept pertaining to those impacts of investment decisions that result in negative effects on sustainability factors, (i.e. environmental social and employee matters, respect for human rights, anti-corruption and anti-bribery matters). |
| Screening | a process by which companies are reviewed to identify sustainability risks, as identified in current regulation, industry best practice, international norms and voluntary frameworks for corporate responsibility, or opportunities for investment that are linked to sustainability-related factors. |
| 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. |
| Sustainable Investment | an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy; or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance; |
| Target Group | the group of people, subsidiaries, areas and/or functions, for whom the governing information is intended to be directly applicable. |

3. Scope

This Policy outlines principles for Responsible Investment, including Sustainability Risk integration in investment decision making processes, at Danske Bank.

The Responsible Investment Policy applies to the Investment Management activities of Danske Bank, such as the management of managed portfolios, alternative investment funds, IBIPs, pensions products/schemes and/or UCITS products manufactured within the Danske Bank Group. The policy does not apply to structured products, derivatives, Danske Bank's capital market activities (including but not limited to market making, securities trading etc.) or externally managed funds.

3.1 Target group

This Policy is a Group Policy that applies to all employees, all functions, and all units in Danske Bank A/S that perform Investment Management, as outlined herein. The Responsible Investment Policy also applies to regulated subsidiaries and separate legal entities once adopted by their relevant governing bodies.

In case a Group Policy conflicts with local regulatory or other requirements, the regulated subsidiary may approve a similar policy with the necessary deviations. Any material deviations from a Group Policy, including deviations, which conflict with the overall business model for and/or the risk profile and risk appetite of Danske Bank A/S, must be reported to the Executive Leadership Team via the administrator of the Steering Policy and the Policy administrator. The Executive Leadership Team shall report such material deviations to the Board of Directors of Danske Bank A/S.

4. Policy content

The further operationalisation of the principles stated herein shall be outlined in underlying instructions comprising Sustainability Risk, Active Ownership, Voting and any other instruction deemed necessary in order to ensure the efficient implementation of this Policy.³

Principle 1: We integrate Sustainability Risks into investment analysis and investment decision-making processes

Integrating Sustainability Risk into Investment Management activities is not only a legal obligation but also part of our fiduciary duty to investors and beneficiaries. As such, the investment processes within Danske Bank identify Sustainability Factors which may pose a risk and affect the financial performance of an investment and integrate considerations of such factors in investment decision making.

To assess which Sustainability Factors are considered to have a potential material negative impact on the value of an investment, we rely on the concept of Financial Materiality. This ensures a systematic approach to the most material issues for a given investment. In addition to looking at Financial Materiality, we assess

³ See Danske Bank Group Policies, instructions and SOPs: <https://danskebank.com/sustainability/sustainable-finance/responsible-investments>

Sustainability Factors by reviewing the sustainability performance of investments based on industry best practice across sectors, as defined by international norms and voluntary frameworks for corporate responsibility such as the UN Global Compact and the OECD Guidelines for Multinational Enterprises, which Danske Bank as a Group supports⁴.

The Sustainability Risk is systematically identified and assessed by the investment teams through access to tailor-made sustainability tools & dashboards, specialized ESG data & research by internal and external subject matters experts that caters to different asset classes and investment types. The assessment of Sustainability Risk is used to influence a decision to either buy/increase weighting, hold/maintain weighting, decrease weighting, or sell/divest. Investment teams may include this information into existing models or the development of new valuation models.

Principle 2: We are active owners that incorporate environmental, social, and governance criteria into our ownership guidelines and practices

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 strategies, such as engagement and voting, in certain situations can facilitate the resolution of challenging issues more effectively than the imposition of Exclusions.

We believe that investment manager-driven dialogue with portfolio companies is the most effective as the investment teams are the experts of their respective strategies and portfolios, and tasked with the buy/ sell decision. As such, the investment teams engage on a regular basis with investee companies on material ESG matters in order to enhance and protect the value of the investments. In order to ensure a structured engagement process, we log and monitor company dialogue and progress.

The general meetings of companies are an opportunity to voice our opinion, vote on issues of key importance, and contribute to the good governance of the company. We seek to vote on all shares held, under both passive and active strategies, while taking into account preconditions, resources, and the costs of exercising voting rights. Our Danske Bank Voting Guidelines serve as our default position for all proposals, but our investment teams managing our active portfolios can deviate based on case specific details. As enshrined in our Active Ownership Policy and Instructions, voting must always be carried out for the benefit of the investors.

In order to ensure a structured and transparent process, we log and publish records of the vote that we have conducted either by ourselves or through a service provider.

⁴ See Danske Bank Group Societal Impact & Sustainability Policy & Position Statements: <https://danskebank.com/sustainability> and appendix for further information.

Principle 3: We seek to design and provide customers with Investment and Investment Related Products that meet their sustainability needs

As set out under Principle 1, we consistently screen our investments to identify the Sustainability Risks, which are defined in relevant regulation,⁵ in Danske Bank Group position statements⁶, industry best practice, and/or international norms and voluntary frameworks for corporate responsibility. Under this Screening process, we also identify the Principal Adverse Impacts of investments, and accordingly may decide to exercise Active Ownership or Exclude investments in a company, in a specific investment strategy or across multiple strategies.

We are committed to maintaining high standards of transparency in respect of product governance and their target market. We respect roles and responsibilities as well as accountability for assessment, development, implementation, monitoring and approval of investment and investment related products. Exclusions and their definitions are published on our website.

In addition to our Responsible Investment processes for the integration of Sustainability Risks, we offer Investment and Investment Related Products that promote environmental and/or social characteristics and products with Sustainable Investments as their objective.

Sub-principle 3.1: We offer Investment and Investment Related Products that promote Environmental and/or Social Characteristics

For Investment and Investment Related Products that promote environmental and/or social characteristics, these characteristics and good governance practices are binding elements of the investment strategy.

Based on what is relevant for a specific asset class and investment strategy, environmental and/or social characteristics and good governance practices are promoted through Inclusion, Active Ownership and Exclusions for which Environmental and Social Materiality perspectives are incorporated in addition to the integration of Sustainability Risk. Further, the assessment of sustainability-related impacts are included in these processes and activities.

These products are categorised under article 8 of the Sustainable Finance Disclosure Regulation and adhere to the specific disclosure requirements herein.

For any multi-asset investment product promoting environmental/social characteristics we ensure that the underlying investments and investment funds contribute to meeting the promoted characteristics.

⁵ As set out in the appendix.

⁶ See Danske Bank Group Societal Impact & Sustainability Policy & Position Statements: <https://danskebank.com/sustainability> and appendix.

Sub-principle 3.2: We aim to offer Investment and Investment Related Products that have Sustainable Investments as their objective

For Investment and Investment Related Products that will have Sustainable Investments as their objective the environmental and/or social objectives and consider good governance practices are binding elements of the investment strategy.

Based on what is relevant for a specific asset class and investment strategy, the Sustainable Investment objective and good governance practices are met through Inclusion, Active Ownership and Exclusions which Environmental and Social Materiality perspectives are addressed in addition to the integration of Sustainability Risk.

For any multi-asset investment product with a Sustainable Investment objective we ensure that the underlying investments and investment funds contribute to the attainment of that Sustainable Investment objective.

In accordance with the regulatory requirements for such products, the principle of 'Do No Significant Harm' is applied to these products to ensure that neither the environmental nor the social sustainable objectives are significantly harmed with the investment. In addition, the assessment of Principal Adverse Impact is included in this exercise.

These products are categorised under article 9 of the Sustainable Finance Disclosure Regulation and adhere to the specific disclosure requirements herein.

Principle 4: We disclose our activities and progress in implementing our Responsible Investment Principles and the impacts of our investments.

In line with our commitment to transparency and corresponding regulatory requirements, we disclose our approach to responsible investments through website publications of this Policy, underlying instructions and relevant positions and statements, such as our Principal Adverse Impact Statement.⁷

We seek to deliver reporting about our Responsible Investment efforts that provides our stakeholders with an understanding of our investment processes and activities. Reporting allows us to be accountable towards investors, beneficiaries, regulators, standard setters and other stakeholders. As such, we aim to communicate in such detail that our stakeholders can find answers to any questions about our investment processes and activities, in a clear and accessible way. Information about our policy and processes for the integration of sustainability-related aspects, such as our statement on Principle Adverse Impact in the investment process is published on our websites. We also provide our annual progress report to the UN Principles for Responsible Investment (PRI), Net Zero Asset Manager Initiative and The Task Force on Climate-related Financial Disclosures (TCFD).

Principle 5: We promote the development of Responsible Investment across our industry

We support the goals of the Paris Agreement to limit the increase of global warming to below 1.5°C and actively promote the development and implementation of Responsible Investment strategies, through our

⁷ See Danske Bank Group Policies, instructions and SOPs: <https://danskebank.com/sustainability/sustainable-finance/responsible-investments>

efforts to improve the quality of external ESG data and promote the acceptance of Responsible Investment strategies within the investment industry.

Sub-principle 5.1: We will promote disclosure on environmental, social, and governance criteria and Sustainability Factors by the corporate entities in which we invest in

Supporting the journey for better quality of ESG data and corporate disclosures requires a collaborative effort that involves investors, companies and policy-makers. As an investor, we seek standardised reporting on Sustainability Factors and for these to be integrated within annual financial reports. We also support stronger disclosure frameworks on environmental, social, and governance criteria and Sustainability Factors.

Sub-principle 5.2: We will promote acceptance and implementation of Responsible Investment strategies within the investment industry and work together with others to enhance effectiveness in implementing Responsible Investment

Where appropriate, we collaborate with peers, like-minded investors and other relevant parties, to engage in joint dialogue, and contribute to a positive impact on Sustainability Factors or objectives, such as the Sustainable Development Goals (SDGs), which are identified to be of collective importance. We also welcome an open dialogue with our stakeholders and value the opportunity to collaborate, where relevant, with subject-matter experts on these Sustainability Factors or objectives.

We participate in investor initiatives that aim to increase transparency and sustainability standards in companies and financial markets, such as e.g. CDP (formerly Carbon Disclosure Project), SASB, Institutional Investors Group on Climate Change, Paris Pledge for Action, Net-Zero Asset Owner Alliance, Net-Zero Asset Managers Initiative, Emerging Markets Investor Alliance (EMIA), The Montreal Carbon Pledge, The Task Force on Climate-related Financial Disclosures (TCFD), and the PRI.

Appendix

A list of the applicable sectoral regulations and external standards that have been taken into account by the Responsible Investment Policy is available below:

- Sectoral Regulations and Directives
 - Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)
 - Directive 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 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (AIFMD)
 - Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID II)
 - 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)

- External Standards & Commitments
 - UN Sustainable Development Goals (SDGs)
 - UN Global Compact
 - UN Guiding Principles on Business and Human Rights
 - UN Principles for Responsible Investment
 - OECD Guidelines for Multinational Enterprises
 - SASB
 - Net-Zero Asset Managers Initiative
 - Net-Zero Asset Owners Alliance
 - The Task Force on Climate-related Financial Disclosures (TCFD)
 - CDP (formerly Carbon Disclosure Project)
 - Emerging Markets Investor Alliance (EMIA)
 - Institutional Investors Group on Climate Change
 - ESG4Real
 - LuxFLAG
 - Paris Pledge for Action
 - The Montreal Carbon Pledge

- Danske Bank Group position statements⁸
 - Danske Bank Position Statement Agriculture
 - Danske Bank Position Statement Climate Change

- 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

⁸ See Danske Bank Group Societal Impact & Sustainability Policy & Position Statements:
<https://danskebank.com/sustainability>