Responsible Investment Policy

1. Objective

The objectives of the Responsible Investment Policy (the "Policy") are to establish and communicate the approach of Danske Bank A/S ("Danske Bank") to responsible investments and to ensure adherence to internal governance, applicable laws, endorsed external standards, and Danske Bank Position Statements.[1]

The Responsible Investment Policy is a cornerstone of Danske Bank's ambitions to integrate sustainability into core businesses, and it supports our vision to be recognised as a leading Nordic asset manager within the area of responsible investments. When customers entrust us with their assets and savings for investment, it is our duty to serve our customers' best interests by providing investment solutions that aim to deliver competitive and long-term performance. An integral part of this duty is investing responsibly. As a responsible investor, we are mindful of not only how investment performance is affected by sustainability factors, but also the impact on society that our investments may cause.

The Policy is to be further incorporated and elaborated upon in Danske Bank's Sustainability Risk Instruction, Exclusion Instruction, Inclusion Instruction and Active Ownership Instruction with supporting Guidelines and our Principal Adverse Impact Statement (manufacturer statement).

2. Definitions

The below definitions apply to the terms used throughout the 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.
Do No Significant Harm	A principle ensuring that neither environmental nor social objectives are significantly harmed when investing sustainably as measured against indicators on principal adverse impacts, minimum social and environmental safeguards and/or screening criteria defined by regulations.
Double Materiality	The determination of whether a sustainability factor is of relevance when investing from either the perspective of Financial Materiality and/or Environmental and Social Materiality.
Environmental and 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 may have on sustainability factors
ESG	Environmental, social and/or governance.
Exclusions	The exclusion of certain sectors, companies, and products from investment portfolios/strategies on the basis of identified adverse sustainability impacts, expressed weak sustainability standards, and/or failure to meet minimum social safeguards.

[1] *As set out in Appendix 1.*

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.
Group	Danske Bank with its subsidiaries.
Inclusion	The active inclusion of a company/issuer in investment portfolios/strategies on basis of sustainability-related considerations.
Principal Adverse Impacts	Negative impacts that investments might have on Sustainability Factors as measured through indicators defined in SFDR.
SFDR	Regulation (EU) 2019/2088 of the European Parliament and of the Council on Sustainability-Related Disclosures in the Financial Services Sector.
Sustainability Factors	Environmental, social and employee-related matters, respect for human rights, anti-corruption, anti-bribery matters.
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.
Sustainability Risks	An environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment [2]

3. Scope

The Policy covers investment activities relating to assets managed by Danske Bank on behalf of customers through investment product offerings, such as discretionary mandates, managed portfolios, alternative investment funds, insurance based investment products (IBIPs), pension products/schemes, and UCITS funds. The Policy covers all asset classes that our managed products are invested into[3].

The Policy does not cover structured products or derivatives manufactured by Danske Bank or other Danske Bank capital market activities (including but not limited to market making, securities trading etc.).

Externally managed investment products distributed to Danske Bank's customers, but not wrapped in a Danske Bank investment product, are also not covered by the Policy. Considerations related to distribution of responsible investment product offerings are managed by the Treating Customer's Fairly Policy of Danske Bank and Product Governance Instruction for Investment Products.

3.1 Target group

The Policy is a Group policy that applies to all employees, all functions, and all units in Danske Bank that perform asset/investment management activities as outlined herein. The Policy applies to regulated subsidiaries and separate legal entities once adopted appropriately by their relevant governing bodies.

The administrator of the Policy must document and report material deviations from the Policy to the owner of the Policy. The Group Policy owner shall report all material deviations from the Group Policy to the Board of Directors of Danske Bank.

[2] *Sustainability factors that impose a risk to Danske Bank are not covered by the term "sustainability risk" in this policy, but instead managed and defined in the Danske Bank Group Enterprise Risk Management (ERM) framework.*

[3] *There might be deviations in relation to specific investments such as derivatives, illiquid alternatives, and externally managed funds, due to their specific features. Such processes are outlined in supporting Instructions and Guidelines.*

4. Danske Bank's approach to Responsible Investments

At Danske Bank, responsible investments play a key role when we invest our customers' assets through managed investment products. Danske Bank's approach to responsible investments is based on the principle of Double Materiality.

As a responsible investment manager, we are mindful of not only how Sustainability Factors impacts investment performance (Financial Materiality) but also how our investments may have positive and/or negative impacts on society (Environmental and Social Materiality). We refer to this as "Double Materiality" considerations. We believe that attentiveness to these sustainability dimensions when investing is a cornerstone of our fiduciary duty to create value for customers and to create a responsible investment product offering that support the transition to a more sustainable society. Based on what is relevant for a specific asset class and investment strategy, these Double Materiality considerations can be addressed through Inclusions, Exclusions and Active Ownership.

We disclose our approach to responsible investments and report on our efforts in order to be transparent and held accountable for our investment processes and activities. We also provide our annual progress report to for instance the UN Principles for Responsible Investment (PRI), the Net Zero Asset Manager Initiative and the Task Force on Climate-related Financial Disclosures (TCFD).

The aim is to communicate in such detail that stakeholders can find answers to any questions on our investment processes and activities in a clear and accessible way. The information is published on our websites and, whenever relevant, disclosed and reported directly to customers and other stakeholders.

Where appropriate, we collaborate with peers, like-minded investors and other relevant parties, to reduce negative and maximise positive impact on sustainability factors. We also welcome an open dialogue with our stakeholders and value the opportunity to collaborate, where relevant. We participate in investor initiatives that aim to increase transparency and sustainability standards in companies and financial markets, such as the CDP (formerly the Carbon Disclosure Project), SASB, the Institutional Investors Group on Climate Change (IIGC), the Paris Pledge for Action, the Net-Zero Asset Owner Alliance, the Net Zero Asset Managers Initiative, the Emerging Markets Investor Alliance (EMIA), the Montréal Carbon Pledge, the Task Force on Climate-related Financial Disclosures (TCFD), and the UN-supported Principles for Responsible Investment (UN PRI)4.

Principle 1:
We aim to protect the value of investments and generate attractive returns
As a part of our fiduciary duties to customers, we are committed to identify negative risk exposures with a financial impact on investments. This implies a duty to systematically identify Sustainability Factors that may pose a risk of causing material negative impact to the value of an investment (Sustainability Risk) and integrating considerations of such factors into our investment products.

For a sustainability factor to be considered financially material, it needs to have the potential to translate into investment performance and have negative (or positive) impact on either the revenue/expenses of the company, the value of its assets/liabilities or its cost of capital. By analysing Sustainability Factors in conjunction with other financial factors, it is possible to gain greater insights into the investments and thereby identify Sustainability Risks and investment opportunities.

Financially material Sustainability Factors are unique to each company and are determined by, for instance, business activities, industry categorisation and domicile. To assess which Sustainability Factors that have a potential material negative or positive impact on the value of an investment, Danske Bank portfolio managers are guided by standards such as the SASB Standards. The SASB Standards identifies the subset of sustainability issues most relevant to financial performance and enterprise value for different industries and provides proprietary analyses of sustainability issues.

Sustainability Risk exposures should be well managed and, as needed, lead to and/or influence a decision to either buy/increase weighting, hold/maintain weighting, decrease weighting, or sell/divest or to engage through our Active Ownership activities. The proper management of Sustainability Risks can, however, be challenged by several factors, including lack of comprehensive and standardised data and that Sustainability Risk factors often are complex, multidisciplinary and interlinked, which can make them difficult to assess in their entirety.

Appreciating that investments have different characteristics and are affected differently by Sustainability Factors, the investment team tailors the analysis of Sustainability Factors to the specific investment strategy and asset class.

Further information on how we identify, manage and control Sustainability Risks is outlined in our Sustainability Risk Instruction and Active Ownership Instruction.

[4] *As further set-out in Appendix 1.*

Principle 2:
We aim to analyse and assess the impacts that investments have on environment and other societal dimensions
We aim to analyse and assess the negative impacts and positive impacts of our investments and to address these aspects in accordance with the needs of our customers. As one of the largest financial institutions in the Nordic countries, Danske Bank has both the ability and the determination to be part of finding solutions to the challenges our planet and societies are facing. We support the goals of achieving net zero green-house gas emissions by 2050 in line with ambitions of the Paris Agreement to limit the increase of global warming to below 1.5°C.

2.1. Principal Adverse Impacts
We refer to negative impacts on sustainability issues as "Principal Adverse Impacts" materialised through for instance carbon emissions, fossil fuel exposure, waste levels, gender diversity, due diligence over human rights and a company's efforts to avoid corruption, bribery, and other practices harmful to society. We prioritise the management of these impacts at Danske Bank level in accordance with Group Position Statements and other sustainability-related strategies and commitments.

Principal Adverse Impacts are identified through our screening of Environmental and Social materiality. Our screening focuses on a core set of universal mandatory indicators that always lead to Principal Adverse Impacts and additional indicators we have committed ourselves to assess. Subject to data availability, our selection of Principal Adverse Impact indicators follows the methodology/guiding principle of selecting the indicators which are relevant to consider based on our investment management philosophy and exposures. We are continuously striving to expand the list to ensure that our processes capture such negative dimensions to the largest extent (see current list of selected Principal Adverse Impact indicators in our Principal Adverse Impact Statement).

From an investment product perspective, the management and prioritisation of Principal Adverse Impacts are defined by the given strategy and investment portfolios/activities. Principal Adverse Impact considerations can lead to or influence decision-making to either buy/increase weighting, hold/maintain weighting, decrease weighting, or sell/divest. As a minimum standard, principal adverse impacts are managed through Exclusions and Active Ownership activities. However, this may be supplemented by Inclusion criteria that further addresses specific Principal Adverse Impacts.

As an organisation, Danske Bank reports on impacts that have been identified on an annual basis, and we also strive to report on Principal Adverse Impact on the majority of our responsible investment product offerings.

Further information on how we identify, manage and control Principal Adverse Impacts are outlined in our Principal Adverse Impacts Statement, Exclusion Instruction and Active Ownership Instruction.

2.2. Positive Impacts
We identify positive impacts on investments by screening issuers/companies for best-in-class operations, positive contribution to sustainability objectives (Sustainable Investments) as defined in relevant methodologies, sound sustainability practices, sound environmental stewardship etc. as integrated in investment strategies and portfolios for a variety of our managed responsible investment products.

Investment products may in that respect for instance apply Inclusion to invest fully or partially in Sustainable Investments or in investments aligned with the EU Taxonomy criteria for environmentally sustainable economic activities. Such investments can through funding help solve problems related to specific sustainability themes and support the achievement of one or more of the United Nations Sustainable Development Goals.

2.3. Responsible Investment Products
Danske Bank manages investment products with different levels of sustainability ambitions enabling customers to select the products best designed to cater for their sustainability preferences. Notwithstanding sustainability preferences, all investment products managed by Danske Bank take due account of sustainability risk dimensions.

For investment products that promote environmental and/or social characteristics, these characteristics and good governance practices are binding elements of the investment strategy. The products are categorised under Article 8 of the SFDR and adhere to the specific disclosure requirements herein.

For investment products that have Sustainable Investments as their objective, the environmental and/or social objectives as well as good governance practices are binding elements of the investment strategy. The 'Do No Significant Harm' principle is applied following the regulatory requirements for such products. The assessment of Principal Adverse Impact is also added to this exercise. These products are categorised under Article 9 of the SFDR and adhere to the specific disclosure requirements herein.

For further information on how we incorporate adverse impacts and positive impact considerations into responsible investment products, see pre-contractual documentation and reporting for these investment products.

5. Governance

Governance, transparency, and stakeholder dialogue are key elements when it comes to ensuring an efficient execution of our Responsible Investment Policy. Our governance structure sets clear roles and responsibilities. Sustainability-related KPIs (e.g., Sustainability Risk) are also included in the performance assessment of relevant employees, and we ensure sufficient competence is in place to manage the sustainability dimensions of our investments. The governance is supported by the establishment of the Responsible Investment Committee, which has the task of endorsing the overall ambition, strategic direction and principles for the Group's Responsible Investments efforts.

9. Change Log

Date	Version number	Comments/changes
16 October 2020	Version 1.0	Policy created
02 February 2022	Version 2.0	Annual update. Update to definitions including inclusion of additional definitions. Refinement of scope. Removal of references to sustainability risk advisory. Clarification of processes supporting the design and manufacture of Investment and Investment Related Products that either promote Environmental and/or Social characteristics or that have Sustainable Investment as their objective.
12 December 2022	Version 3.0	Update to the structure to better reflect regulatory requirements and double materiality dimensions

Appendix A

A non-exhaustive 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 as implemented in local laws;

- 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 (SFDR) and underlying delegated acts

External Standards and 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
- G20/OECD Principles of Corporate Governance
- Sustainability Accounting Standards Board (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)
- ESG4Real
- LuxFLAG
- Paris Pledge for Action
- The Montréal Carbon Pledge
- Climate Action 100+
- The Partnership for Biodiversity Accounting Financials (PBAF)
- The Partnership for Carbon Accounting Financials (PCAF)

The Danske Bank Group position statements [5]

- 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

[5] *See Danske Bank Group Sustainable Finance Policy & Position Statements: https://danskebank.com/sustainability*