



Guidelines on the management of Conflicts of Interest in Active Ownership

Danske Bank Asset Management is governed by the Group's Conflicts of Interest policy and instructions, through which actual and potential conflicts of interest are identified and recorded. Further to this, Active Ownership activities (namely, proxy voting and engagement activities), are managed in accordance with the Active Ownership Policies, which have been adopted, to the extent relevant, by subsidiaries.

These policies notwithstanding we recognise that there are specific potential material conflicts of interest that may arise in the execution of Active Ownership activities and have outlined below how Danske Bank Asset Management deals with the material conflicts that may arise through the execution of Active Ownership activities.

Active Ownership Approach

Danske Bank Asset Management's Active Ownership approach is outlined in its Active Ownership Instruction¹. As an asset manager, Danske Bank acts as a steward of our customers' assets. We aim to use Active Ownership for the assets we have under management to the benefit of our customers, and as a measure to protect shareholders' rights and the value of investments. Addressing the long-term interests of our customers, we use Active Ownership to assess whether investments are managed responsibly in relation to financial, social and environmental aspects and, as relevant, to inform measures of escalation.

Active Ownership may also be leveraged as a measure to manage the Principal Adverse Impact of the investments we manage on behalf of our customers in accordance with commitments in those investment strategies.

Our Active Ownership Guidelines outline our expectations and approach in the exercise of our voting and engagement activities, respectively. These Guidelines apply across all investment strategies that have set either Engagement and/or Voting as a promoted characteristic.

The execution of our voting activities is carried out by an independent proxy voting advisor, Institutional Shareholder Services (ISS). ISS also conducts research, analysis and provides voting recommendations on the proposals that are on the agenda at the general meetings of companies that fall within our voting scope. The research and recommendations and where relevant, additional research or information provided by the company, is utilised by the Investment and Responsible Investment teams to assess and determine what would serve the best interests of our clients.

¹ See Danske Bank's Active Ownership Instruction: <https://danskebank.com/-/media/danske-bank-com/file-cloud/2022/9/active-ownership-instruction.pdf?rev=98a60c55e45f468393ac39a73ca3d675#~:text=Active%20ownership%20is%20exercised%20by,the%20Shareholder%20Rights%20Directive%20I>.



Managing Potential Conflicts of Interest in Active Ownership

Danske Bank exercise of Active Ownership activities is in line with our fiduciary duty, which is to consider what is in the best interests of our clients.

The exercise of Active Ownership with Danske Bank A/S:

A conflict may arise when considering how to engage or vote at the general meeting of Danske Bank A/S. We manage this prospective conflict of interest through adherence to our Active Ownership Guidelines. Where we are unable to reconcile our assessment of a given proposal and the best course of action for our clients, we will abstain from voting on the proposal.

The exercise of Active Ownership with major shareholders of Danske Bank A/S:

As a publicly traded company, a potential conflict of interest may arise in the exercise of active ownership with a major shareholder of Danske Bank, wherein we engage with or vote at their general meeting. We manage this prospective conflict of interest through adherence to our Active Ownership Guidelines.

The exercise of Active Ownership with a Danske Bank Customer or supplier:

Danske Bank Group, as a provider of a wide range of financial services, faces potential and actual conflicts of interest. As a result, we may vote or engage with a company that the Group has a business relationship with. We manage this prospective conflict, through adherence to our Active Ownership Guidelines.

The exercise of Active Ownership with a Company that a Danske Bank Director or Employee has a connection to:

A conflict of interest may arise where an employee, director of Danske Bank or family member or other personal contact of an employee is employed by, or serves on the board of, a company that we hold an investment in. We manage this conflict through the application of the Group's Conflicts of Interest policy and instructions. All employees of Danske Bank Group are required to seek pre-approval for Outside Business Interests. Outside Business Interests are subject to a review and approval process, and are registered with Group Conflict Management, Group Compliance. Further adherence to our Active Ownership Guidelines supports the management of this prospective conflict.

Execution of a vote that would unduly favour one Investment Strategy:

As a provider of a diverse range of investment products, we acknowledge that investment strategies will have different objectives serving diverse client interests and preferences. To that end, our Voting Guidelines set out the baseline considerations guiding the execution of voting, with our fiduciary duty to clients requiring that we consider what would serve our clients' interests best. However, in situations that could result in not serving an investment strategy it is possible for individual strategies to deviate. If there is a difference of opinion on the decision to deviate, the matter may be escalated through the process described below.

Voting decisions on themes of material importance to Danske Bank Group

As one of the largest financial institutions in the Nordic countries, Danske Bank has both the ability and determination to be part of finding solutions to the challenges our planet and societies are facing. Accordingly, we have identified and committed to advancing progress on core sustainability themes. These commitments are outlined in our policies, position statements, frameworks and the international initiatives and standards we support². The commitments are in turn integrated into our Active Ownership related guidelines, which outline our expectations and approach in the exercise of our voting and engagement activities, respectively. A conflict may arise where a commitment to these core sustainability themes, that is the application of the Active Ownership related guidelines, is in conflict with what we identify to be in the best interests of our clients. As such, where a deviation from the Voting Guidelines is assessed to be warranted, in order to meet our fiduciary duty, the matter is evaluated by the Head of Active Ownership and where a conflict of interest is identified, it will be escalated through the process set out below.

Escalation

We manage this conflict by through a centralised approach to Active Ownership. As a starting point, the Voting Guidelines serve as a means to ensure that, from an Environmental, Social and Governance (ESG) perspective, the Investment Teams which hold the investment in their respective portfolios are presented with the same interests and considerations to weigh in their analysis of the decision that would serve our clients' interests best. This guidance is presented alongside relevant publicly available material to the Investment Teams. Should a difference of opinion manifest on the execution of a vote, the matter is escalated to Danske Bank's Head of Asset Management, Chief Investment Officer and Head of Responsible Investment for review. An appeal of the decision is possible through the escalation of the matter to the Boards of the fund management companies in the Danske Bank Group.

² See Danske Bank's Sustainability publications and policies: <https://danskebank.com/sustainability/publications-and-policies>