



Engagement Guidelines

January 2026

Danske Bank

Table of contents

- 3 Purpose**
- 4 Scope and application**
- 5 Approach**
- 6 Categories**
- 9 Scope**
- 10 Methods**
- 10 Escalation Process**
- 11 Transparency and Reporting**
- 12 Review**

Purpose

These Engagement Guidelines outline the engagement approach and activities in adherence with the Active Ownership Instruction and Responsible Investment Policy of Danske Bank A/S ("Danske Bank"). The Guidelines seek to provide transparency to stakeholders, such as issuers and customers, on our engagement approach. The Guidelines are reviewed and updated on an annual basis to reflect market developments and to provide transparency on the integration of our commitments into our engagement approach.

Active Ownership is 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.

Engagement refers to the interactions between the investor and current or potential issuers (which may be companies, governments, agencies, municipalities, etc.) on sustainability, governance or other topics tied to the issuer. Engagements may be undertaken to influence sustainability practices and/or seek information related to the sustainability and/or financial performance of the investment. Danske Bank exercises engagement directly with issuers or in collaboration with other investors and organisations.

Scope and application

The Engagement Guidelines apply to investment teams and functions involved in engagement activities. Danske Bank seeks to engage with issuers on their strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance where issues have been identified. Our engagement activities may be constrained by preconditions, resources, and the type of asset class. The engagement applies differently depending on the asset class that Danske Bank is investing in.

The exercise of Active Ownership is governed by the Group's Conflicts of Interest Policy and Instructions, through which actual and potential conflicts of interest are identified and recorded. It is the responsibility of each manager to ensure that the Engagement Guidelines are known and followed, where relevant within the employees' respective areas of responsibility. All employees are required to understand and comply with relevant Policies and Directives, such as the Code of Conduct and Conflict of Interest Policy as they relate to engagement activities.

Engagement is exercised by the Responsible Investment and Investment teams, to support individual strategies and/or in the context of due diligence on a prospective investment and broader processes and commitments maintained, including but not limited to the Enhanced Sustainability Standards Screening. For actively managed strategies, engagement forms part of the day-to-day management and monitoring of portfolios. Investment teams may engage with issuers when needed to discuss and seek information on investment performance and processes and/or when deemed otherwise required to enhance and protect the value of Danske Bank's investments. Engagements associated with environmental and social aspects may be prioritised and organised by the Responsible Investment team in accordance with the Engagement Scope. The Responsible Investment and Investment teams have access to data, research, and analysis as part of their consideration of available information on particular matters.¹

In general, the exercise of engagement is not undertaken:

- in markets involving excessive formalities or administrative requirements,
- under circumstances where it is difficult to motivate the financial cost

¹ Further information on our data platform is available here:
<https://danskebank.com/sustainability/publications-and-policies/sustainability-related-disclosures>

Approach

Engagement may be used to understand and manage the:

- 1. Financial performance of investments** – We continuously monitor investments, to identify material risks and opportunities that may impact upon their financial performance.
- 2. Principal adverse impacts of investments** – We consistently screen investments², to identify and manage the 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).
- 3. Sustainability-related risks and/or opportunities** – We consistently screen our investments to identify the sustainability-related risks or opportunities, which are defined in relevant regulation,³ and seek to address those sustainability events or conditions that, if they were to occur, could result in a negative material impact on the value of the investment.

These overarching principles guide how we identify and prioritise engagement with issuers.

When engaging with corporate issuers, internationally recognised standards and principles guiding responsible business conduct, such as the UN Global Compact, OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights and the G20/OECD Principles of Corporate Governance are considered, whenever relevant.

When engaging with sovereign and sovereign-related issuers internationally recognised principles and frameworks directed at states, such as the Universal Declaration of Human Rights, the ILO Declaration of Fundamental Principles of Rights at Work, the Framework Convention on Climate Change and Paris Agreement, the Convention on Biological Diversity and the Kunming-Montreal Global Biodiversity Framework and the UN Sustainable Development Goals are considered, whenever relevant.

² Further information on our investment screening and monitoring processes is available here: <https://danskebank.com/sustainability/publications-and-policies/sustainability-related-disclosures>

³ For further information on the additional standards that may be applicable, see Danske Bank Group Societal Impact & Sustainability Policy & Position Statements and Danske Bank Group Policies, instructions and SOPs. Further information on the methodology of the model is available here: <https://danskebank.com/sustainability/publications-and-policies/sustainability-related-disclosures>

Categories

Given the prospective breadth of engagement activities, we approach and organise our engagement across the following categories:

1. **Thematic Related (Multi-Year)**
2. **Event Related (Annual)**
3. **Private Equity and Private Credit (Annual)**
4. **Performance Related (Continuous)**

Thematic Related (Multi-Year):

The focus of engagements in this category is on addressing systemic issues that multiple issuers may be exposed to.

Thematic engagements relate to Biodiversity & Nature, our Net Zero Pathway Framework (Fossil Fuels Focus), and Human Rights.

The objectives and underlying indicators set out the framework for the engagements on the identified issue. The target list for these engagements is defined through a review and analysis of available data and evaluation of our investment holdings.

Thematic related engagement focuses on systemic issues and as such, is organised over a longer period of time. As these engagements have varying time-horizons, based on their inception, the target list for engagements may be periodically updated to reflect material changes in holdings that may have occurred.

Engagement progress is tracked and measured on an overall status of the engagement and specific thematic-focused indicators identified under the applicable frameworks for the respective themes⁴. The overall status of the engagement is defined through the use of the following metrics that are focused on the measurement of progress:

1. Engagement target identified: Engagement target has been identified, and engagement will be initiated with the issuer.
2. Engagement initiated: Engagement has been initiated, with dialogue being sought with the issuer.
3. Engagement ongoing: The issuer is responsive to the engagement and a dialogue is ongoing.
4. Unresponsive engagement: Issuer is unresponsive to repeated attempts to establish contact.
5. Engagement closed: Engagement has been closed owing to issuer successfully addressing the identified objectives of the engagement or alternatively the issuer has been removed from target list owing to exclusion/divestment.

Indicators and approach to a thematic engagement are tailored to the specific theme:

- 1 **Biodiversity and Nature (Water-related Risks Focus):** The management of nature and biodiversity-related dependencies and impacts is considered to be an integral part of business strategy and risk management. However, businesses still face major challenges in understanding and demonstrating their management of these risks owing to gaps in information and availability of data. Building on our understanding and the progress achieved from our engagement efforts with global investee companies, Danske Bank is engaging Nordic investments which have been assessed to have significant water-related dependencies, which if unmanaged, may risk their operations and performance.⁵ To guide the focus of our engagement with issuers, our proprietary framework has been developed to focus metrics aligned with recognized good practice, such as the Taskforce for Nature-related Financial Disclosures, and to integrate water-specific metrics.
- 2 **Net Zero Pathway (Fossil Fuels Focus):** Danica joined the Net Zero Asset Owners Alliance in June 2020, and Danske Bank Asset Management the Net Zero Asset Managers Initiative in March 2021. In joining these initiatives, we committed to reaching net-zero emissions by 2050 or sooner across all assets under management, in line with the Paris Agreement. As part of this commitment, we have established engagement targets, that demonstrate Danske Bank's efforts to be a responsible partner in the transition towards a low-carbon economy. Given this ambition, we have developed clear standards for our approach to companies in the fossil fuel sector that are assessed under the Danske Bank's Net-Zero Pathway Framework (NZPF) for investee companies. Our Net Zero Pathway framework builds on the methodology developed by the Transition Pathway Initiative (TPI), with issuers being categorised under the Framework through the following levels, which for the purposes of engagement are also used as milestones to track progress:
 1. Level 0 - Not Aligned / not transitioning to net zero.
 2. Level 1 - Committed towards net zero pathway.
 3. Level 2 - Aligning towards net zero pathway.
 4. Level 3 - Aligned to net zero pathway.
 5. Level 4 - Achieving net zero (not applicable in the model currently).

In accordance with the Net Zero Pathway Framework, issuers that have been assessed as "Aligning towards net-zero pathway" are prioritised for engagement on the basis of the engagement scope principles outlined under our Active Ownership Instruction.

⁴ Information on the specific indicators that are applied under the relevant thematic frameworks are available further in this document.

⁵ Further information on these considerations is available here: <white-paper-water-the-investment-risk.pdf>

⁶ Further information on the methodology of the model is available here: <https://danskebank.com/sustainability-publications-and-policies/sustainability-related-disclosures>

A review of the status and progress of companies identified under the framework will be undertaken every second year.

- 3** **Human Rights and Labour Rights⁷:** At Danske Bank, we are committed to meeting our responsibility to respect fundamental human rights and ensuring decent working conditions in our own operations and through our business relationships. Our commitment means that we continuously work to identify, prevent and mitigate the risks of adverse impacts on human rights, including all human rights as stated in:
- The International Bill of Human Rights, including the Universal Declaration on Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights
 - The International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, including the ILO Minimum Age Convention and the ILO Worst Forms of Child Labour Convention

Danske Bank's investment activities are spread across the world. From our monitoring of investments, we have observed how issuers may incur significant regulatory, operational, and reputational risks and impacts from the absence of processes or systems for the management of actual or prospective human rights related issues.

Given the breadth of prospective impacts, we recognise that a standardised approach or governance model to human rights is not possible. This notwithstanding, we expect that our investments adhere to international standards for responsible business conduct such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. In accordance with these standards, where relevant to demonstrate their adherence to these standards, we shall seek disclosures by the issuer demonstrating appropriate policies and processes that are commensurate to their size and circumstances.

Event Related (Annual)

To support with the identification of prompts for engagement, a screening is conducted annually leveraging the findings of Danske Bank's Sustainable Investment model⁸ and publicly reported information to identify issuers with negative operational performance and/or when a severe sustainability event has occurred. Alongside Danske Bank Sustainable Investment House View Model, the assessment utilises the results from the controversies datasets that we receive from our ESG data vendors.⁹

Our Enhanced Sustainability Standards screen¹⁰ also supports the identification of certain companies/issuers engaged in certain activities and conduct deemed harmful to society. Through the application of the model, the Responsible Investment team reviews and assesses allegations to determine whether issuers are engaging in activities that might constitute principal adverse impacts on society or the environment, demonstrate weak sustainability practice, indicate an absence of minimum environmental or social safeguards and/or do not align with international commitments and standards for responsible business conduct. Engagement with issuers may be pursued as part of the information gathering process to inform evaluations under the model.

Engagement is tracked on an overall status of the engagement and standardised milestones supporting the measurement of progress against the identified objective for the engagement.

The metrics guiding the assessment of the overall status of the engagement is as follows:

1. Engagement target identified: Engagement target has been identified, and engagement will be initiated with the issuer.
2. Engagement initiated: Engagement has been initiated, with dialogue being sought with the issuer.
3. Engagement ongoing: The issuer is responsive to the engagement and a dialogue is ongoing.
4. Unresponsive engagement: Issuer is unresponsive to repeated attempts to establish contact.
5. Engagement closed: Engagement has been closed owing to issuer successfully addressing the identified objectives of the engagement or alternatively the issuer has been removed from target list owing to exclusion/divestment.

Performance Related (Continuous)

Continuous engagement with issuers is a fundamental strategy to gain an in-depth understanding of relevant matters pertaining to the issuer, such as its strategy, financial and non-financial performance, risk, capital structure, social and environmental impact and corporate governance. Regular interactions allow for real-time updates on issuer operations, performance metrics, and market dynamics, which can inform investment decisions. Moreover, it provides an opportunity to communicate concerns, discuss governance issues, and advocate for responsible business practices. This continuous dialogue fosters a relationship of trust and transparency, which can contribute to improved investment performance and value over time.

⁷ Further information on our approach is available here: <https://danskebank.com/sustainability/publications-and-policies/sustainability-related-disclosures>

⁸ Further information on the methodology of the model is available here: <https://danskebank.com/sustainability/publications-and-policies/sustainability-related-disclosures>

⁹ Further information on our ESG data platform is available here: <https://danskebank.com/sustainability/publications-and-policies/sustainability-related-disclosures>

¹⁰ Further information on the methodology of the screen is available here: <https://danskebank.com/sustainability/publications-and-policies/sustainability-related-disclosures>

These engagements are case-by-case dependent and concern investee companies as well as sovereigns. The scope stems from the ongoing monitoring of issuers financial and non-financial performances, strategies, industry position, and sector trends. To support in the identification of sustainability issuers' that are most likely to affect an issuer's financial condition and operating performance, alongside access to sustainability research from ESG data vendors, Danske Bank has developed and maintains a mSCORE model.¹¹

The objective of the engagement with sovereign and sovereign related issuers is to evaluate government strategy, clarify public policy as it relates to sustainability factors and strengthen the risk analysis that the investment teams continuously conduct. As part of our dialogue, we will also seek to provide a better understanding of how sustainability factors can affect an issuer's borrowing costs and to address the risks identified under our screening and assessment processes. The engagement is evaluated on the overall strength, substance and relevance of the issuer's disclosures and issues raised. The metrics guiding the assessment are as follows:

- Strong: The issuer has provided reasoned and comprehensive clarifications demonstrating their awareness, management of identified performance-related risks and opportunities for growth;
- Neutral: The issuer has not provided a detailed response outlining their approach but demonstrates an awareness and understanding of matters that may impact on its overall financial and non-financial performance;
- Weak: The issuer has not been able to provide a clear response that would allow for a conclusive assessment of relevant matters pertaining to their strategy, financial and non-financial performance, risk, capital structure, social and environmental impact and corporate governance.
- N/A: It has not been possible to evaluate the response on the basis of the interaction held.

Private Equity and Private Credit

Private assets investment strategies often include greater ability for investors to engage with companies and influence the operation of their assets. There are a number of different practices exercised by the investment team and the Responsible Investment team throughout the life cycle of the investment, which can be divided into the pre-investment stage of origination, due diligence and contracting and the post-investment stage of the investment lifecycle as points of monitoring and following up. Typically, those interactions will be targeted towards the external managers we are investing through.

Pre Investment activities: The Investment team and the Responsible Investment team will make a strategy fit assessment and review applicable external managers to determine the suitability of the investment. The review will seek to identify any areas of potential concern and determine next steps as appropriate.

Post Investment activities: The Investment team are likely to have regular interactions with external managers and underlying assets as part of their investment. In some circumstances, the Investment team may also utilize their position on Advisory Boards to monitor and follow up on areas they would like to see positive change in. The Responsible Investment team may be invited to participate in meetings to provide technical input on sustainability related topics. Additionally, at the request of the Investment team, the Responsible Investment team will conduct an annual review of onboarded managers which covers topics such as such as sustainability integration, resourcing and reporting. The review is used to confirm that external managers continue to meet the requirements and expectations of Danske Bank and its applicable subsidiaries. Tailored feedback is provided to each in scope manager to share best practice and encourage ongoing development. Engagements are undertaken to address any identified areas of concern.

¹¹ Further information on the methodology of the model is available here:
<https://danskebank.com/sustainability/publications-and-policies/sustainability-related-disclosures>

Scope

Active monitoring of issuers is an integral part of our approach. Both the investment teams and the Responsible Investment team are responsible for the monitoring of investee companies.

As a result of our integrated monitoring, the following types of events may lead to the start of an engagement process for any of our investments:

- **On a multi-year basis**, Danske Bank selects issuers as part of our thematic engagement topics. Such companies are identified based on their exposure to the engagement topic, the size and relevance in terms of portfolio positions of investment teams and clients, and performance and risk related to the focus area. Screening for such issuers is done in accordance with the process selected for each theme and in line with our engagement scope principles, which establishes engagement priorities on the basis of where Danske Bank has a position exceeding a value of 75 DKK mil or >0.40% ownership.
- **On an annual basis**, or if otherwise prompted, Danske Bank screens issuers based on controversies assessment by our ESG data vendors and operational performance on the basis of Danske Bank Sustainable Investment Model. Corporate issuers where Danske Bank has a position exceeding a value of 75 DKK mil or >0.40% ownership, are selected as engagement targets where highest controversies level has been issued from at least two of our ESG data providers and/or the issuer returns a "negative" or "very negative" operational performance result under our proprietary Sustainable Investment Model.
- **On a continuous basis**, portfolio managers may select issuers for which engagement may improve the investment case or can mitigate investment risk based related to governance and/or sustainability issues. Monitoring by investment teams identifies situations where there is a risk of loss of value or an opportunity to add long-term value through active ownership.

Methods

Individual engagement with an issuer relates to the direct engagement that Danske Bank has with an issuer, which may take the form of letters, e-mails, and meetings (in person or virtually) with the relevant representatives.

Opportunities to meet directly with government officials, when engaging with sovereign or sovereign related issuers are not as widely prevalent as with corporate issuers. As such our engagement may include other key stakeholders that are responsible for monetary and fiscal policies. These include but are not limited to: Government; Destination Management Offices (DMOs); Intergovernmental agencies (such as the International Monetary Fund (IMF)); Members of Cabinet; Central Bank; State-Owned Enterprises (SOE); Other (e.g. National Human Rights Institutions (NHRI); Ombudsman; NGOs).

Engagements conducted by a third-party on behalf of Danske Bank, such as by external asset managers that are responsible for managing sub-delegated strategies and segregated mandates on behalf of Danske Bank, or by a supplier of engagement services.

Engagements organised under collaborative initiatives that Danske Bank participates in. Collaborative engagements capture any interaction between a group of investors (where Danske Bank is one member) vis-à-vis the issuer on sustainability matters, with the goal of improving (or identifying the need to influence) sustainability practices and/or disclosure. Decisions regarding collaborative engagement activities are taken by the Responsible Investment team, or if involving additional commitments by Danske Bank are lifted for decision with the Responsible Investment Committee. The Responsible Investment Committee is mandated authority to approve any new commitments that Danske Bank signs up for in respect to Responsible Investment (including engagement focussed commitments) and is also mandated to decide on engagement requests of material impact to the organisation.

Escalation Process

If an issuer has been unresponsive to engagement attempts, or if our assessment of the engagement is that meaningful progress against the identified objectives is not being made, we may choose to escalate the engagement by using the progress thereunder to inform the exercise of our voting rights (where relevant), publicly state our concerns, decrease weighting, sell/divest and/or place the issuer on our exclusion list.

All decisions related to exclusions are anchored within the investment organisation. As outlined in our Exclusion Instruction, all exclusions are first presented to the ESG Integration Council before being submitted to the Responsible Investment Committee for approval.

Transparency and Reporting

Engagements are registered and tracked through a centralised application, which is maintained by the Responsible Investment team. Engagements registered in the centralised application

platform are classified under Danske Bank's Engagement taxonomy as relating to one or more of the following to ESG categories, topics, and sub-topics:

ESG Category	ESG Topic	Subtopics
Environment	Biodiversity	Deforestation & land use; Food systems & high risk commodities; Biodiversity & natural capital (General) Ecological impacts Net zero strategy
	Climate change & GHG emissions	Net zero strategy; Climate change related transparency & disclosure (incl. TCFD)
	Pollution & waste management	Hazardous waste
	Product design & materials sourcing	Circularity
	Water and wastewater management	
	Other (E)	
Social	Data privacy & cybersecurity	
	Human rights	Community relations & stakeholder management; Activities in conflict zones; Human rights due diligence
	Labour rights & employee engagement	Employee DEI (Diversity, Equity, Inclusion); Employee retention/turnover; Talent development; Transparency & disclosure (Human capital management)
	Occupational health & safety	
	Product/Service quality & safety	Customer welfare; Customer privacy
	Selling practices & responsible marketing	
	Welfare & accessibility	
	Other (S)	
Governance	Audit & accounting	
	Board competence & oversight	Board committees; Board diversity (gender, skills & experience); Overboarding; Board composition
	Bond frameworks	Green bonds; Sustainable bonds
	Corporate governance	General Meeting (AGM/EGM) Related
	Ethics & anti-corruption	
	Executive compensation & management	
	Management of the legal & regulatory environment	Tax practices
	Sovereign sustainability strategy	Governance & rule of law; Climate change (incl. policies, NDCs, targets & pathways); Social policies
	Strategic initiatives & business model	Corporate purpose & strategy; M&A; Transparency & disclosure (Strategy & risk management)
	Supply chain management	
Financial	Other (G)	
	Sovereign fiscal/monetary policies	
	Shareholder returns	Dividends; Share buybacks
	Cost management	
	Capital Issuance	
	Capital allocation	Cash flow; Balance sheet; Return on investment (ROI); Capital structure & risk management
	Other (F)	

As outlined under Section 4 – Categories, the type of engagement undertaken informs the indicators that are used for the evaluation and tracking of the engagement. For thematic engagements, proprietary frameworks have been developed with supporting indicators that are tailored to guide the evaluation of the progress of the engagement against the thematic focus. Event based engagements utilise

a five-step milestone to evaluate progress towards addressing the identified event. Performance related engagements are evaluated on the substance of the response and disclosures of the issuer.

We publish information on all Active Ownership activities, including engagements, on our website.

Review

The Responsible Investment team will, in cooperation with the relevant functions within Asset Management, annually review alignment with the approach outlined within the Engagement Guidelines. The conclusion of this evaluation shall be provided to the Responsible Investment Committee and the ESG Integration Council, as part of the annual update on Active Ownership activities and will inform the review of subsequent iterations of the Engagement Guidelines.