

Responsible Investment Policy

1. Objective

The objective of this Responsible Investment Policy is to establish Danske Invest Management'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 and/or the Danske Bank Group have endorsed, as a cornerstone of our ambition to integrate sustainability into our core business and vision to be recognised as leading within the area of Responsible Investment. Moreover, when our investors 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.

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.
Danske Invest Management	Danske Invest Management A/S
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 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.
Inclusion	the active inclusion of companies within an investment universe because of the social or environmental benefits of their products, services and/or processes
Funds	UCITS funds and alternative investment funds managed by Danske Invest Management.

¹ As set out in the appendix.

² As set out in the appendix.

Investment Management	the management of investments on behalf investors
Investment Manager	the party undertaking and/or advising on investments of assets on behalf of the Funds
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 investments are reviewed to identify sustainability risks or sustainability related impacts, as identified in current regulation, industry best practice, international norms and voluntary frameworks for corporate responsibility
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, for Funds managed through Danske Invest Management. Principles herein in respect to investment decision making are equally relevant to the equity capital of Danske Invest Management.

The Policy does not apply directly to investments in structured products, derivatives, or externally managed funds. As further described in Fund disclosures, specific deviations might also 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 specific sustainability needs of clients and certain aspects relevant to passively managed funds.

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. Policy content

The further operationalisation of the principles stated herein shall be outlined in underlying instructions deemed necessary in order to ensure the efficient implementation of this Policy.

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. As such, investment processes for the Funds identify Sustainability Factors which may pose a risk and affect the financial performance of an investment and integrate considerations of such factors in the investment decision making.

To assess which Sustainability Factors are considered to have a potential material negative impact on the value of an investment, our Funds 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, Sustainability Factors are assessed 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 supports³.

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, can in certain situations facilitate the resolution of challenging issues more effectively than the imposition of Exclusions.

³ See Danske Bank Group Societal Impact & Sustainability Policy & Position Statements: <https://danskebank.com/sustainability> and appendix for further information.

We believe that Investment Manager-driven dialogue with investee 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 of our Funds 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 company dialogue and progress shall be logged and monitored.

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 have voting on all shares held, under both passive and active strategies, while taking into account preconditions, resources, and the costs of exercising voting rights. The Danske Bank Voting Guidelines serve as our default position for all proposals, but the investment teams managing our active portfolios can deviate based on case specific details. As enshrined in our Active Ownership framework, voting must always be carried out for the benefit of the investors.

In order to ensure a structured and transparent process voting activities shall be logged and records published.

Principle 3: We seek to design and provide investors with Funds that meet their sustainability needs

As set out under Principle 1, we consistently screen our investments to identify Sustainability Risks. 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 to product governance and target market setting. We respect roles and responsibilities as well as accountability for assessment, development, implementation, monitoring and approval of Funds. Exclusions and their definitions are published on our website.

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

Sub-principle 3.1: We offer Funds that promote Environmental and/or Social Characteristics

For Funds 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 Fund promoting environmental/social characteristics we ensure that the underlying investments and investment funds contribute to meeting the promoted characteristics.

Sub-principle 3.2: We aim to offer Funds that have Sustainable Investments as their objective

For Funds 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 Fund 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.

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 input to Danske Bank Group's 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

As part of the Danske Bank Group 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 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 will, through our Investment Managers, 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.

Through the Danske Bank Group 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 statements⁴
 - 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

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