

Responsible Investment Policy

24th of October 2017

1. Background and purpose

Responsible Investment (RI) is a cornerstone in our ambition to be recognised as the most trusted financial partner. We are committed to responsible investment practices and believe that integrating environmental, social and governance (ESG) perspectives in our investment process is key to sustainable value creation for companies, investors and societies. Based on this core belief, we consider ESG to be one of the important value drivers in our investment process, similar to the way we look at financials or market momentum.

When our customers entrust us with their savings, it is our obligation to serve their interests by creating both competitive and sustainable returns. To do so we integrate ESG considerations in our investment practices. In addition, we expect companies to respect international norms and principles for corporate responsibility and collaboration within the investor community to the benefit of our customers and society in general.

Our commitment to responsible investments can at times create dilemmas. We aim to be open about these dilemmas and engage in dialogue with our customers and stakeholders to navigate and to find the best possible solutions.

The Responsible Investment Policy (“the RI Policy”) governs our responsible investment practices.

2. Scope and application

The RI Policy applies to all employees, all functions, all units in the Group, and all separate legal entities once adopted by their Executive Board or Board of Directors. In case a Group Policy conflicts with local needs or requirements, the Board of Directors or Executive Board of the subsidiary can approve a Group Policy with reservations. Any material deviations from the Group Policy must be reported to the Board of Directors of the Group as well as the administrator of the Responsible Investment Policy.

The RI Policy applies, when we invest on behalf of our customers. Customers with discretionary mandates can choose to follow their own RI policies and beliefs. Our RI Policy is integrated in funds and other investment offerings marketed under the name of Danske Invest, Danica or Danske Bank. Our exclusion criteria do not apply to structured products, derivatives and exchange-traded funds (ETF's). Also, the exclusion criteria do not apply to investment funds from external providers. Regarding investment funds from external providers that are part of a Danske Invest, Danica or Danske Bank investment product, e.g. fund-of-funds, we aim to use funds from providers with a RI Policy similar to ours.

In alternative investment funds managed by Danske Private Equity, specific RI practices shall be negotiated between Danske Private Equity and the investors, when such funds are established, with the aim to be consistent with the overall aims of the RI Policy then prevailing.

The RI Policy is not applicable to Danske Bank's trading book, so that the bank can perform its role as a market maker.

3. Target group

The RI Policy is relevant for all employees in the Group.

Certain functions whose work is influenced by responsible investing activities will find the RI Policy particularly relevant for their daily work. This includes, but does not limit to, investment teams, responsible investment team, sales managers, client managers, system developers and administrators. It is the responsibility of each manager to ensure that this Policy is known and complied with where relevant within his/her respective area of responsibility.

4. Objectives and priorities

This Policy contains a set of general objectives and priorities that are integrated in daily decision-making:

- International principles

In line with Danske Bank's Responsibility Policy's support for international principles and guidelines, the RI Policy is based on international commitment to promoting corporate responsibility regarding human rights, labour rights, the environment, and anti-corruption as set out in:

- The UN Global Compact
- The OECD Guidelines for Multinational Enterprises
- The UN Guiding Principles on Business & Human Rights
- The UN-backed Principles for Responsible Investments (PRI)
- The UN Environmental Program Finance Initiative (UNEPFI)
- The Universal Declaration of Human Rights
- The ILO Declaration of Fundamental Principles of Rights at Work

Additional industry-specific international principles and conventions guide our activities and expectations towards customers, portfolio companies and business partners. For more information, please see our Position Statements on credit and investment procedures on www.danskebank.com.

Consequently, we expect companies we invest in to respect these principles and pursue transparency on their corresponding management efforts.

Further, our investments comply with international sanctions adopted by Danske Bank Group.

- Screening & Exclusions

We screen our investment universe and holdings on an ongoing basis to ensure we are not investing in companies and assets that do not sufficiently address corporate responsibility with reference to international principles. We do not want to invest in companies that produce illegal or sanctioned weapons, and we have a restricted approach to company involvement in nuclear weapons programmes. Finally, we adopt a cautious approach to investing in sovereign bonds issued by fragile or conflict-affected states. Our general exclusions, which are publicly available, apply to funds and other investment offerings by Danske Invest, Danica and Danske Bank and the Group's own strategic portfolios, with the exemptions mentioned in this policy's paragraph 2 on scope and application.

- ESG Integration

We integrate ESG considerations in our investment practices to assess how the management of environmental and social risks as well as opportunities and corporate governance practices can potentially affect value creation. We do this by incorporating ESG analysis in our decision-making and monitoring portfolios' ESG quality.

- Engagement, Dialogue & Voting

We seek to influence companies directly, especially where we represent relevant holdings. A central part of our active ownership activities is to engage with portfolio companies, when they do not sufficiently address corporate responsibility. We also enter into dialogue with companies on other ESG related and financial matters such as the company's strategy, management, remuneration policy, risk management, culture, capital structure and dividend policy. Input from these dialogues is essential for our active ownership efforts as investment managers and enable long-term value creation. If we are not comfortable with a company's outlook, we can intensify our dialogue with the company and ultimately decide to sell our investments.

We vote at general meetings of Nordic and European companies, where we hold voting rights and represent relevant holdings. We vote either by ourselves or through a service provider. We believe that voting activity should be performed in accordance with the dialogue between the investment team and a company's management. Therefore and unless required by special circumstances holdings in passively managed funds are not subject to voting activities.

Engagement, dialogue and voting must always benefit each investment fund's investors in order to avoid conflicts of interest and properly act as a fiduciary for our investors. Conflicts of interests are managed with reference to Danske Bank Group's policy on this area.

- Collaboration & Initiatives

In company specific cases and when appropriate, we can consult and collaborate with other investors and relevant parties in order to obtain the best possible basis for decision-making and increase our impact. Especially outside the Nordics, where our direct impact is smaller than in our home markets, we prefer to participate in collaborative investor initiatives to encourage company- and industry-wide respect for international principles and to promote transparency of corporate responsibility.

- Communication

We maintain an open dialogue with companies, our customers and other stakeholders. In addition, we communicate on an ongoing basis on our webpage, and annually in our corporate responsibility report and reporting to the UN PRI. We publish our voting records as part of our reporting.

5. Governance

The Executive Board receives updates on the implementation of the RI Policy annually from the Head of Wealth Management, who has the final ownership of the RI Policy. The continuous justification and validity of the RI Policy will be part of this annual briefing.

The RI Policy is supported by the RI Strategy, which sets the focus areas of our efforts. The responsibility for developing the RI Strategy lies with the Responsible Investment Board ("RIB"). The RIB is chaired by the Head of Wealth Management and includes senior management members in Wealth Management as well as Group functions. The RI Strategy is overseen and approved by the Group's Business Integrity Board.

Implementation of the RI Strategy is the responsibility of relevant departments and Group functions with support from the RI team. The RI team is responsible for the coordination across the Group as well as the implementation of selected initiatives and reporting on progress.

The RI Board evaluates the quality and adequacy of our priorities listed in Section 4 in its quarterly meetings and the annual review of the RI Policy on an ongoing basis.