

Engagement Guidelines

2024

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1. 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 also intended in order 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 ensure that our commitments are duly integrated into our engagement approach.

Active Ownership is the use of rights and position of ownership to influence the activities or behaviour of investee companies. We regard Active Ownership as an effective

mechanism to manage risks, maximise returns and contribute to a positive impact/reduce negative impact on society and the environment. It is embedded in our fiduciary duty to customers and beneficiaries to achieve the highest and most stable investment returns.

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 (or identify the need to influence) sustainability practices and/or seek ESG information. Danske Bank exercises individual engagement or in collaboration with other investors and organisations.

2. Scope and application

The Engagement Guidelines apply to investment teams and functions involved in engagement activities. Danske Bank seeks to engage with issuers where material environmental and/or social sustainability related 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. As a general rule, engagement is not exercised on illiquid alternatives, derivatives, commodities and real estate due to the nature of such financial instruments and/or indirect exposures held through mutual funds that Danske Bank’s managed investments products are investing into.

It is the responsibility of each manager to ensure that the Engagement Guidelines are known and complied with, where relevant within the employees’ respective areas of responsibility. In addition, all employees need to understand and comply with relevant Policies and Directives, such as the Code of Conduct and Conflict of Interest Policy impacting our engagement activities. 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.

Engagement is exercised by the Responsible Investment and Investment teams, to support individual strategies and/or in the context of the broader processes and commitments maintained, including but not limited to the Enhanced Sustainability Standards Screening, and Net Zero and Biodiversity engagement targets. For actively managed strategies, engagements also form part of the day-to-day management and monitoring of portfolios. Investment teams may engage with issuers when needed to seek improvement in performance and processes and/or when deemed required to enhance and protect the value of Danske Bank’s managed investments. For actively managed strategies, the engagement will be conducted in accordance with respective strategy’s objective and investment strategy. The Investment team will assess the materiality of the issues identified for the respective holdings and integrate this into their outreach with issuers. The Investment teams have access to data, research, and analysis in order to consider the available information on particular matters.

3. Approach

Engagement is used to:

1. Understand and manage the principal adverse impacts of investments – We consistently and continuously screen investments^[1], 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).

2. Understand and manage 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^[2], 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.

4. 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. **Performance Related (Continuous)**

Thematic Related (Multi-Year):

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

Thematic engagements relate to Biodiversity & Nature, Net Zero Commitments (Largest Emitters Focus), 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 investment holdings at the inception of the engagement.

Owing to the focus of thematic related engagement to drive systemic change, the timeline for these engagements is typically organised over a longer period of time, such as 2-5 years. 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 themes¹. 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.

^[1] Further information on our investment screening and monitoring processes.

^[2] 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>.

¹ Information on the specific indicators that are applied under the relevant thematic frameworks are available further in this document.

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. Nature & Biodiversity²: For Danske Bank, preserving biodiversity is a prioritized sustainability theme, and therefore we have begun to assess and incorporate biodiversity-related issues into our business and risk assessments. However, we require more knowledge and more data, and this remains a challenge that we need to address. In recognition of this challenge, in 2023 Danske Bank committed to engage with 30 large, global investee companies that all have a significant impact on nature and biodiversity before the end of 2025. Our Biodiversity Assessment Framework, which has been mapped to the four goals of Kunming-Montreal Global Biodiversity Framework, consists of the following indicators that we measure and track the progress of our engagements against:

1. The issuer acknowledges biodiversity as an issue for the business.
2. The issuer recognises biodiversity as a relevant risk and/or opportunity for the business.
3. The issuer has a policy (or equivalent) commitment to action on biodiversity.
4. The issuer has publicly committed to minimize impact on nature.
5. The issuer has publicly committed to restore nature.
6. The issuer has published information on its impact and dependencies in their direct operations.
7. The issuer has set some time-bound and context-specific targets.
8. The issuer has a process to ensure its trade associations lobby in accordance with the Global Biodiversity Framework.
9. The issuer has committed to implement the recommendations of the TNFD.
10. The issuer has developed an issuer-wide plan on how to achieve targets.
11. The plan is made in collaboration with indigenous people and local communities when they are affected.
12. The issuer has included biodiversity in their supplier code of conduct.
13. The issuer has set science-based targets.
14. The issuer has published information on its impact and dependencies throughout their value chain.

15. The issuer's board has clear oversight of biodiversity.
16. The issuer has a Global Biodiversity Framework-aligned biodiversity lobbying position and all of its direct lobbying activities are aligned with this.
17. The issuer is reporting in accordance with the TNFD framework.
18. The issuer has initiated relevant nature restoration projects.
19. The issuer's impact and dependency assessment has been verified by a third-party

Based on their performance across these indicators, issuers are 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 - Unaware of biodiversity being a business issue:* The issuer does not acknowledge that it has an impact nor a dependency on biodiversity.
2. *Level 1 - The Issuer is acknowledging biodiversity as a business case:* The issuer acknowledge that it has an impact on biodiversity and that they have a responsibility to manage its impact.
3. *Level 2 - Building the foundation:* The issuer develops its basic capacity, management systems and processes, and starts to report on practice, commitment and some performance.
4. *Level 3 - The issuer is integrating biodiversity into the business:* The issuer improves its operational practices and sets credible time-bound targets related to the impacts and dependencies that it has reported.
5. *Level 4 - The issuer has a strategic and holistic approach:* The issuer develops a more strategic and holistic understanding of its impacts and dependencies as well as related risks and opportunities, which is part of the business strategy.

A review of progress is undertaken annually, with an overall evaluation of outcomes and next steps to be conducted in 2025.

2. Net Zero (Largest Emitters Focus): Danske Bank Asset Management joined the global Net Zero Asset Managers Initiative in March 2021, committing 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 also set an engagement target under which we committed to engage with the 100 largest emitters in our investment portfolios by end 2025. Our Net Zero Engagement framework is based on the Paris Aligned Investor Initiative's (PAII) Net Zero Investment Framework

² Further information on the methodology of the framework is available here: <https://danskebank.com/sustainability/publications-and-policies/sustainability-related-disclosures>

(NZIF). As such, the indicators that we measure and track our engagements against are:

1. Ambition.
2. Targets.
3. Emission performance.
4. Disclosure.
5. Decarbonisation strategy.
6. Capital asset alignment.
7. Climate policy engagement.
8. Climate governance.
9. Just transition.
10. Climate risks and accounts.

Based on their performance across these indicators, issuers are 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:*
2. *Level 1 - Commitment to Aligning:* The issuer has set a clear goal and accompanying target to achieve net zero emissions by 2050.
3. *Level 2 - Aligning towards a net zero pathway:* The issuer is taking steps to realise its goal and target to achieve net zero emissions by 2050.
4. *Level 3 - Aligned to a net zero pathway:* The issuer is demonstrating the efficacy of measures taken to implement its net zero ambition, through adequate performance on emissions performance.
5. *Level 4 - Achieving net zero:* Companies that have current emissions intensity performance at, or close to, net zero emissions with an investment plan or business model expected to continue to achieve that goal over time.

A review of progress is undertaken annually, with an overall evaluation of outcomes and next steps to be conducted in 2025³.

3. Net Zero Pathway (Fossil Fuels Focus)⁴: Danske Bank aims to be a responsible partner in the transition towards a low-carbon economy. Assuming this responsibility, we have developed clear standards for our approach with companies in the fossil fuel sector that are assessed under the Danske Bank's Net-Zero Pathway Framework (NZPF) for investee companies. In accordance with the Framework, companies that are assessed as "Aligned to Net Zero Pathway" are subject to monitoring and may be engaged with engagement prioritised for companies that have been assessed as "Aligning towards net-zero pathway". The objective of engagement is to support companies in the fossil fuel sector

with their respective plans and for them to be assessed, per the methodology framework as "Aligned to Net Zero Pathway". Our Net Zero Pathway framework builds on the methodology and data developed by the Transition Pathway Initiative (TPI). As such, the indicators that we measure and track our engagements against are:

1. Management Quality; and
2. Carbon Performance

Companies are evaluated under these two indicators through an assessment that apply the following sub-indicators:

1. Policy commitment outlining the integration of material sustainability impacts, risks and opportunities, including how climate and environmental impacts and risks are addressed.
2. Disclosures outlining the approach to a climate and time horizons for implementation.
3. Disclosures outlining sustainability performance, transition targets and plans of undertakings, including in assessing the risk of stranded assets, and transition risks and physical risks more broadly.
4. Assessment of the underlying transition pathways, to ensure that commitments are aligned with minimum below 2 Degree climate alignment scenario.

Based on their performance across these indicators, issuers are categorised and tracked under the Framework against the following categories:

1. *Level 0 - Not Aligned/not transition to net zero.*
2. *Level 1 - Committed towards net zero pathway.*
3. *Level 2 - Aligning towards a net zero pathway.*
4. *Level 3 - Aligned to a net zero pathway.*
5. *Level 4 - Achieving net zero (not applicable under the model currently).*

A review of the status and progress of companies identified under the framework will be undertaken every second year, with companies that are identified as not making progress against the underlying sub-indicators for the two indicators and/or where a successful outcome of active ownership is not feasible, being recommended for exclusion. Recommendations for exclusion are subject to the process outlined under the Exclusion Instruction.

4. Human Rights and Labour Rights⁵: 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,

³ Further information on our efforts and progress to date is available through our Climate Action Report.

⁴ Further information on the methodology of the model is available here: <https://danskebank.com/sustainability/publications-and-policies/sustainability-related-disclosures>

⁵ Further information on our approach is available here: <https://danskebank.com/sustainability/publications-and-policies/sustainability-related-disclosures>

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, Danske Bank's Position Statement on Human Rights sets out the overall expectations on the companies and issuers we invest in. Namely that they 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 model⁶ 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 vendors⁷.

Our Enhanced Sustainability Standards screen⁸ 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.

The standardised milestones, which may not be linearly met, are defined as follows:

1. Concern raised: Identified concern related to operational and/or sustainable performance has been raised with the issuer.
2. Concern acknowledged: The issuer is acknowledging the concern and is receptive to a discussion.
3. Commitment expressed: The issuer has expressed a commitment to address the concern through for example, the adoption and/or implementation of relevant policies, processes and/or disclosures.
4. Action taken: The issuer is able to demonstrate that the relevant commitment has been implemented.
5. Issue resolved: The concern has been resolved.

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

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

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

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.

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 issues 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 model⁹.

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.

5. Scope

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

- **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 an ownership stake 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

⁹ Further information on the methodology of the model is available here: <https://danskebank.com/sustainability/publications-and-policies/sustainability-related-disclosures>

providers and/or the issuer returns a “negative” or “very negative” operational performance result under our proprietary Sustainable Investment Model. Sovereign issuers are selected as engagement targets on the basis of the lowest performing countries as per our country assessment model. The screening also includes inputs from Responsible Investment Team and the outlook for any future engagement.

- **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.

6. 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 joining forces (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. Collaborative engagements may also include contacting other investors to get support on engagement activities, and proposals tabled at general meetings. 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.

7. 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.

8. Transparency and Reporting

Engagement activities 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	ESG Subtopics ¹⁰
Environment	Biodiversity & natural capital. Climate change. Pollution, waste & circularity. Other	Animal welfare; Biodiversity/nature targets; Deforestation & land use; Food systems & high risk commodities (incl. agri/aquaculture, palm oil etc.); Biodiversity & natural capital (General); Supply chain management (Biodiversity & natural capital); Biodiversity related transparency & disclosure (incl. TNFD); Water (incl. water stress, water use & extraction); Ecological impacts; GHG emissions & targets; Net zero strategy; Climate change (General); Physical risk management; Climate change related transparency & disclosure (incl. TCFD); Energy management; Green Bond Framework; Chemicals management; Environmental incidents & issues: Pollution, waste & circularity (General); Sustainable plastic management; Air Quality; Product & circularity strategy; Materials sourcing & efficiency; Supply chain management (Pollution, waste & circularity); Transparency & disclosure (Pollution, waste & circularity); Waste & hazardous materials management; Water & wastewater management
Social	Human & labour rights; Human capital management; Other	Community relations & stakeholder management (e.g. indigenous peoples rights); Occupational health & safety; Human & labour rights (General); Supply chain management & due diligence; Transparency & disclosure (Human & labour rights); Labour Practices/Standards (incl. conditions of work, anti-discrimination, union rights); Employee DEI (Diversity, Equity, Inclusion); Employee retention/turnover; Human capital management (General); Talent development; Transparency & disclosure (Human capital management)
Governance	Accounting, remuneration & shareholder rights; Board effective & oversight; Ethics & culture; Strategy & risk management;	Accounting practices; Auditor's quality (incl. rotation); Dividend policy; Executive compensation (incl. incentive scheme); Accounting, remuneration & shareholder rights (General); Transparency & disclosure (Accounting, remuneration & shareholder rights); Board committees; Board composition, independence & diversity (gender, skills & experience); Board effectiveness & oversight (General); Transparency & disclosure (Board effectiveness & oversight); Overboarding; Access & affordability; Bribery & corruption; Corporate behaviour (incl. anti-trust & competitive behaviour); Customer welfare; Ethics & culture (General); Product/service quality & safety; Selling practices & product labelling; Transparency & disclosure (Ethics & culture); Customer privacy; Fiscal & monetary policies (incl. fiscal issues); Governance & rule of law; Climate change (incl. policies, NDCs, targets & pathways); Sovereign risk; Sovereign ESG strategy & management (General); Corporate purpose & strategy; Capital structure; Cybersecurity; Automation & digital transformation; ESG governance & sustainability strategy; ESG/sustainability ratings; Green & sustainable financing (incl. bonds); M&A; Strategy & risk management (General); Management of the legal & regulatory environment; Ownership structure (incl. succession planning); Taxes; Transparency & disclosure (Strategy & risk management); Executive diversity (Gender, skills & experience); Business model resilience; Corporate governance; Geopolitical risk management (incl. conflict zones & occupied territories); Critical incident risk management; Systemic risk management.

¹⁰ Further information including definitions are available.

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.

9. 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.