Active Ownership Policy

1. Purpose

Active ownership is a cornerstone within ESG and when our investors entrust us with their savings, it is our aim to serve their interests by creating satisfactory returns. Our firm commitment to ESG is an integral part of this duty.

The Active Ownership Policy describes how and when investment managers and advisors exercise active ownership. Active ownership is an integral part of their investment strategy when investing on behalf of the sub-funds in companies.

The Active Ownership Policy outlines the overall framework and the operationalisation of active ownership through dialogue, voting, and collaboration, and describes how to:

1. Survey investee companies
2. Interact with investee companies
3. Exercise voting (and other) rights attached to shares in investee companies
4. Collaborate with other shareholders in investee companies
5. Communicate with other stakeholders in investee companies
6. Handle conflicts of interest in relation to active ownership.

2. Scope and application

Our sub-funds invest in a number of different asset classes on behalf of investors. Therefore, the Active Ownership practices will largely be dependent on the asset class and the investment mandate given.

It is the responsibility of each investment manager and advisor to integrate ESG matters and as such active ownership into the investment process as factors alongside financial factors. The investment managers and advisors may decide in what way Active Ownership should be applied. Through this investment-team-driven approach to Active Ownership, investment managers and advisors can manage risks in the portfolio, provide value to investee companies, and meet investors' demands. Active Ownership cases may be handled differently from one investment manager or advisor to another in accordance with sub-funds' unit holders' best interest.

This policy will be reviewed by the Board of Directors annually or more frequently where required.

3. Active ownership approach

Active Ownership is 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 the EFAMA Stewardship Code.

Our Active Ownership approach takes into account internationally recognized corporate governance standards, e.g., the G20/OECD Principles of Corporate Governance, as well as voluntary principles, such as the UN Global Compact and OECD Guidelines for Multinational Enterprises.

We also consider local regulation and/or guidelines such as the Danish Stewardship Code (Komiteen for God Selskabsledelse), the Finnish Corporate Governance Code, the Norwegian Code of Practice for Corporate Governance, and the Swedish Corporate Governance Code, as well as variation in legal and regulatory requirements between countries. There are also country variations as to whether corporate governance is regulated by rules-based legislation or by a comply-or-explain principle that needs to be considered in this context.

The investment managers' and advisors' Active Ownership approach shall be based on the belief that it is more sustainable to address challenging issues through active ownership and dialogue rather than divesting and thereby refraining from an opportunity to make a positive impact and acting as a responsible investor.

The investment managers' and advisors' survey investee companies' financial and ESG information in order to

a) identify material financial and ESG factors affecting a company, sector, and/or country and
b) influence companies to manage risks and challenges, and support business growth and development
c) gain a better understanding of the companies' business models, strategies and ability to mitigate risks and leverage opportunities
d) be able to create long-term value for investee companies and ultimately for unit-holders of the sub-funds.

The investment managers' and advisors' shall review financial and ESG information from multiple data sources (including but not limited to company reports and third-party investment research). The investment teams shall have access to required ESG data & research. Each investment team, in the way that is applicable to a specific asset class and investment strategy, carries out the following:

- analysis of financial information and ESG information
- identification of material financial factors and ESG factors
- assessment of the potential positive and negative impact of material financial factors and ESG factors on performance and society
- active ownership activities that consider all material factors, including ESG factors.

Active Ownership is conducted mainly through: 1) Dialogue; 2) Collaborative engagement, and 3) Voting. Engagement and Voting practices are interrelated and feed into each other and one can be the initiator or the complement of the other:

- Dialogue captures any interaction between the investor and the investee company on ESG matters, with the goal of improving (or identifying the need to influence) ESG practices and/or disclosure. It involves a structured process for dialogue, information exchange, and a continuous monitoring on progress.
- Collaborative engagements can have the same scope and focus as dialogue but involves groups of investors joining forces, on an ad-hoc basis or through formal investor networks or membership forums.
- Voting refers to the exercise of voting rights at the general meetings (GM) of companies where sub-funds own shares.

Topics and scope are regularly decided upon by the investment managers and advisors, based on relevance and materiality. Topics include e.g., strategy, financial and non-financial results, risk, capital structure, social and environmental effect, and proper corporate governance.

The investment managers' and advisors' shall pay particular attention to possible conflicts of interest when conducting Active Ownership activities. Conflicts of interest may arise from, but are not limited to:

- Affiliations
- Business relationships
- Cross-directorships
- Diverging interests of investors and beneficiaries
- Employees linked personally or professionally to an investee company.

We expect investment managers' and advisors' manage conflicts of interest by e.g.:

- Making sure that any engagement is exercised in line with the best interest of the sub-funds' unit-holders
- A forum reviewing voting decisions and engagement activities on a regular basis
- Mapping potential conflicts of interest and corresponding means of mitigation and periodically reviewing these
- Reporting of incidents and potential conflicts
- 'Chinese Walls' and confidentiality between entities responsible for Active Ownership activities, investment management, and other entities to ensure neutrality and independency
- An escalation procedure involving top management for unforeseen conflicts of interest.

A conflict of interest may arise in the event that a sub-fund holds units in a company where one of the fund board members is also represented in the board of the company. This situation is mitigated by the delegation of voting right to Danske Bank A/S, so that the board itself is not actively involved in the voting decision with regards to the election of board members.

We aim that Active Ownership through dialogue, engagement and voting is logged, monitored and disclosed online. The Active Ownership activities are disclosed in a semi-annual report online, whereas Voting statistics are updated online 30 days after a general meeting has taken place.

a. Dialogue

The investment managers and advisors engage on a regular basis with investee companies on material ESG matters to seek improvement in performance and processes in order to enhance and protect the value of the investments.

Reasons for Dialogue can be, but is not be limited to, the following:

- Inform about voting decisions and guidelines
- Clarify publicly disclosed information from company
- Conduct research
- Identify and assess quality of available data
- Understand performance and identify potential vulnerabilities
- Develop insights into risks and opportunities
- Identify potential regulatory developments and impacts

Each investment team is responsible for outlining which key ESG issues to engage on and which standards companies are expected to adhere to. This can be done both in a preventive manner, or reactive to address issues that may have already occurred.

The investment managers and advisors can interact with companies in different ways (i.e. letters, emails, one-to-one meetings, conferences, site visits, etc.) and with preferred company representatives (e.g., board, chairman, CEO, Investor Relations, Sustainability).

The investment managers and advisors must be aware of the risk that they may have obtained insider knowledge. As such, the investment teams shall follow applicable Market Abuse Policies and Market Abuse Directives.

If an engagement is unsuccessful, the investment team can decide to escalate the engagement, vote at the GM, or decide to either hold/maintain weighting, decrease weighting, or sell/divest.

b. Collaborative Engagements

When appropriate, the investment managers and advisors collaborate with peers, like-minded investors and other relevant parties to exercise Active Ownership, engage through joint dialogue, and contribute to a positive impact. It might be appropriate in instances where Dialogue has proven to be unsuccessful.

Collaborative engagements capture any interaction between a group of investors joining forces (where we are one member) vis-à-vis the investee company on ESG matters, with the goal of improving (or identifying the need to influence) ESG practices and/or disclosure. Collaborative engagements also include reaching out to other investors to get support on engagement activities, discuss voting issues, and make proposals for General Meetings. This can be done on an ad-hoc basis or through formal investor networks or membership forums. Cooperating with other shareholders takes place on a regular basis and is not subject to any frequency targets.

The investment managers and advisors can also participate in investor initiatives to encourage increased transparency and sustainability standards in companies and financial markets, such as e.g. the CDP, Institutional Investors Group on Climate Change, Paris Pledge for Action, The Task Force on Climate-Change Financial Disclosure, The Montreal Pledge, The Task Force for Climate Related Disclosure, and the UN-supported Principles for Responsible Investment. The complete list of initiatives is available online.

Collaborative engagements may, depending on the situation, be subject to market abuse and insider trading regulations and hence should follow applicable Market Abuse Policies and Market Abuse Directives.

Trading should not be conducted based on knowing another investor's intentions and collective engagement may, depending on the situation, be subject to flagging.

c. Voting

As investors, the General Meeting (GM) is an opportunity to voice an opinion on issues of key importance to corporate governance, and contribute to a company's sustainability performance. As a general guideline, the investment managers and advisors vote in line with the fiduciary duty to consider what is in the best interests of the investors.

The articles of association of the investment funds Danske Invest, Danske Invest Select and Danske Invest Index stipulate that the Board of Directors of each fund decide who will exercise the voting rights on the sub-fund's securities.

The Board of Directors of the funds has decided to give a discretionary proxy to Danske Bank A/S, to vote on behalf of the sub-funds. Danske Bank A/S will follow their voting scope and voting guidelines published online.

The decision to give the discretionary proxy to Danske Bank A/S can be redrawn with immediate effect. The Board of Directors will maintain the voting right for investments in Danske Bank A/S. Voting at the GM in Danske Bank A/S is not part of the general discretionary proxy and may only take place when individually approved by the Chairman or alternatively, the Vice Chairman or, at his/her discretion, by the entire Board of Directors. The Board of Directors will maintain the voting right for direct investments in sub-funds in Danske Invest, Danske Invest Select and Danske Invest Index.

If Danske Bank A/S as proxy holder achieves 15% or more of the votes in a company comprised by the voting proxy from the funds, the proxy will cease to be effective with respect to votes concerning the company in question. In these cases, the Board of Directors will maintain the voting right. Voting may only take place when individually approved by the Chairman or alternatively, the Vice Chairman or, at his/her discretion, by the entire Board of Directors.

Danske Bank A/S vote at GMs of companies where the sub-funds' holdings represent relevant holdings in accordance with the Voting Scope. Danske Bank A/S vote either through a service provider by proxy or in person by attending AGMs/EGMs (or a combination of both).

The proxy voting advisor provides:

- notices of general meetings and comprehensive information about the companies, the voting items on the agenda and recommendations, and
- voting recommendations based upon Danske Bank Group's Voting Guidelines.

Before voting Danske Bank A/S shall assess resolutions, applying Voting Guidelines of Danske Bank Group and market standards to each agenda item.

11 June 2020

The Boards of Directors of

Investeringsforeningen Danske Invest
Investeringsforeningen Danske Invest Select
Investeringsforeningen Danske Invest Index