



Voting Guidelines 2025

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Danica



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Purpose

These Voting Guidelines outline our approach to voting at general meetings of investee companies, in adherence with the Active Ownership Instruction. The Guidelines provide transparency to stakeholders, such as investee companies and customers, on how we are likely to vote in a given situation. 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 voting 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 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.

Voting refers to the exercise of ownership rights at General Meetings of companies where we own shares. We vote on management and/or shareholder resolutions to approve or disapprove of corporate governance as well as relevant environmental and social matters. We exercise voting by ourselves or by proxy through a third-party adviser.

Danske Bank can use Active Ownership as a measure to protect the value of our customers' investments and to generate attractive returns. Active Ownership may also be leveraged as a measure to manage the Principal Adverse Impact of the investments we manage on behalf of our customers. As outlined under our Active Ownership Instruction, voting and engagement are interrelated and for corporate issuers, these two methods can support each other. For example, engagement or progress made thereunder may guide our decision on proposals tabled at a company's general meeting and conversely a proposal tabled may inform the focus or objectives of subsequent engagement with the issuer. As such, one activity can be the initiator or the complement of the other.

We publish our Active Ownership activities – engagement, voting, and collaborations with other investors and organizations – on our website.

Scope and application

The Voting Guidelines apply to relevant investment teams and functions involved in voting activities on behalf of assets held by Asset Management or Danica. It is the responsibility of each manager to ensure that the Voting Guidelines are known, where relevant within the employees' respective areas of responsibility. All employees need to understand and comply with relevant Policies and Directives, such as the Code of Conduct and Conflict of Interest Policy.

The Voting Guidelines apply to general meetings at all companies where we represent relevant holdings in accordance with Danske Bank's outlined voting scope.

Voting is done on a variety of management and shareholder resolutions, of which the majority targets corporate governance issues required under local listing requirements. Voting is also conducted on proposals not specifically addressed by the Voting Guidelines, in which case we evaluate a proposal's likelihood of enhancing the long-term financial return or profitability of the company, or maximising long-term shareholder value.

For actively managed funds, the voting rights will be exercised in accordance with respective fund's objective and investment strategy. The investment team in charge of the respective mandates will assess the resolutions and apply the Active Ownership Instruction and consider market standards and the Voting Guidelines to each agenda item. The investment teams have access to data, research and expertise, and voting decisions consider the sufficiency of information on particular matters.

Voting Guidelines

The Voting Guidelines are guided by internationally recognised corporate governance standards, e.g., the G20/OECD Principles of Corporate Governance, as well as voluntary principles on responsible business conduct, such as the UN Global Compact and OECD Guidelines for Multinational Enterprises.

The Voting Guidelines also consider local regulations and/or guidelines such as the Danish Stewardship Code, the Finnish Corporate Governance Code, the Norwegian Code of Practice for Corporate Governance, and the Swedish Corporate Governance Code, and variation in legal and regulatory requirements between countries. Note that countries vary on whether corporate governance is regulated by rules-based legislation or by a comply-or-explain principle.

Many resolutions have common and predictable attributes that allow for the direct application of the Voting Guidelines. Issues not covered by these Guidelines or where further review may be required, are decided on a case-by-case basis with our fiduciary duty to clients underpinning our approach.

Financial accounts

Allocation of Income

Vote for approval of the allocation of income, unless:

- The allocation of income, including dividends and share repurchases, does not reflect the company's financial situation and strategy.

Appointment of External Auditors and Auditor-related Fees

Generally vote for proposals to (re)appoint external auditors and/or proposals authorising the board to fix auditor fees, unless:

- There are serious concerns about the effectiveness of the auditors;
- There is reason to believe that the auditor has rendered an opinion which is neither accurate nor indicative of the company's financial position;
- There are serious concerns about the statutory reports presented or the audit procedures used;
- Questions exist concerning any of the statutory auditors being appointed;
- The auditors have previously served the company in an executive capacity or can otherwise be considered affiliated with the company;
- The name(s) of the proposed auditors has not been published;

- Fees for non-audit services exceed the audit-related fees and, if not properly explained by the board, questions arise about how the auditors' independence.

In circumstances where fees for non-audit services include fees related to significant one-time capital structure events (IPOs, bankruptcy emergencies, spinoffs) and the company publicly discloses the amount and nature of those fees (which are an exception to the standard "non-audit fee" category), such fees may be excluded from the non-audit fees considered in determining the ratio of non-audit to audit fees.

If there are concerns about the fees paid to the auditors, a vote against the remuneration of the auditors may be warranted if it is presented a separate voting item. If not, we may vote against electing the auditors.

Companies are encouraged to incorporate material climate-related matters in their financial accounts and in the audit report. However, we will consider such matters on a case-by-case basis, and would in general not vote against the auditor or the auditor fees based solely on the absence of such information.

Financial Results/Director and External Auditor Reports

Vote for approval of financial statements and director and auditor reports, unless:

- There are concerns about the accounts presented or audit procedures used; or
- The company is not responsive to shareholder questions about specific items that should be publicly disclosed.

Companies are encouraged to incorporate material climate-related matters in their financial accounts and in the audit report. However, we will consider such matters on a case-by-case basis, and would in general not vote against the accounts, or the director and/or external auditor reports, solely based on the absence of such information.

Board of Directors

The board should have a combination of competences (knowledge and experience) appropriate to the company's operations and phase of development.

The board, or the shareholder-led nomination committees in Nordic countries, should disclose the process for director nomination and election/re-election. Further, information should be disclosed about board candidates, including:

- Board member identities and rationale for appointment;
- Core competences, qualifications and professional background;

- Recent and current board and management mandates at other companies, as well as significant roles in organisations;
- Factors affecting independence, including relationship(s) with controlling or major shareholders;
- Length of tenure;
- Board and committee meeting attendance; and
- Any shareholdings in the company.

With regard to elections to Corporate Assemblies and similar corporate bodies, disclosure should at least be in line with market practice.

The board should identify how sustainability issues may present risks to, and business opportunities for, the company. An annual evaluation of the board should consider board composition, diversity and how effectively the board and its members work to achieve objectives.

Board Elections

Vote for management or shareholder-led nomination committees' qualified nominees in the election of directors, unless:

- Adequate disclosure has not been provided in timely manner;
- There are clear concerns over questionable finances or restatements;
- There have been questionable transactions with conflicts of interest;
- There are any records of abuse against minority shareholder interests;
- The board fails to meet minimum corporate governance standards, i.e., fails to comply with corporate governance codes and laws regarding the information required in the company's remuneration policy, remuneration report, corporate governance report or sustainability report; or
- Repeated absences from board meetings have not been explained (in countries where this information is disclosed).

Under extraordinary circumstances, a vote against individual directors may be warranted if:

- There have been material failures of governance, stewardship or risk oversight;
- Egregious actions related to the director's service on other boards that raise substantial doubt about that director's ability to effectively oversee management and to serve the best interests of shareholders at any company; or

- There are specific concerns about the individual, such as criminal wrongdoing or breach of fiduciary responsibilities.

In addition, we may vote against relevant candidates due to concerns related to at least one of the following specific factors, which are presented below as separate subsections:

Independence

Vote for the election of a director nominated by management unless the board is not sufficiently independent according to local best practice standards.

Board Diversity

Diversity among the board of directors supports the company's business operations and long-term development. Examples of diversity principles include age, gender and international experience.

We believe that companies should recognise and strive for equal gender representation at Board and executive level. In mature markets, we expect that at least one-third (33 percent), or any higher domestic threshold, of shareholder-elected directors on the Board of Directors to be of the underrepresented gender. In emerging markets, we expect at least one shareholder-elected director to be of the underrepresented gender.

Concretely, if this threshold is not met, we may abstain from voting in favour of members of the Nomination Committee, or any other relevant board members, in the below priority:

1. Members of the Nomination Committee;
2. Members of the Corporate Governance Committee;
3. The Board Chair, or Lead Independent Director;
4. or other relevant directors on a case-by-case basis.

Possible reasons for not abstaining from voting on any directors include previous compliance with the board diversity standard and a firm public commitment to comply with the relevant standard within a reasonable time.

We may vote in favour of proposals aiming to increase disclosure regarding the gender pay gap ratio and measures taken to promote gender equality across the company.

With regards to ethnic diversity, we expect at least one shareholder-elected director to be ethnically diverse, in markets where the disclosure is available.

Combined Chair/CEO

Generally vote against the (re)election of combined chair/CEO unless a Lead independent Director is present on the board. We expect companies to publicly disclose the reasons why the position of Chair and CEO has been assigned to the same officer. Situations where the founder holds position as CEO and Chair will be treated on a case-by-case basis. When a chairperson is also an employee of the company, a judgement must be made whether the situation is comparable to a combined chair/CEO, or if a clear demarcation

exists between the chairperson and the executive management of the company (CEO).

In case of a combined CEO and Chair, a director having a substantial shareholding (20% of shares and voting rights) would be seen as a mitigating factor, as it would help ensure that there is alignment with shareholders.

Election of a Former CEO as Chairperson

Generally vote against the election of a former CEO as chairperson if there is a market practice that forbids this arrangement, unless the company can provide a strong justification as to why this non-standard governance arrangement is appropriate for their specific situation and for a limited period of time.

Overboarded Directors

We may vote against a candidate when the candidate holds a large number of board appointments, as that could affect their availability and capacity to fulfil a new board member commitment. In addition to assessing whether the candidate has the relevant competence, the assessment criteria includes:

- If the candidate has other board mandates in listed companies, and if so, how many;
- If the candidate holds a role as a non-executive chairperson in any listed company/ companies;
- If the candidate holds the role as an executive director;
- If the candidate represents a controlling shareholder.

An adverse vote will not be applied to a director within a company where he/she serves as CEO; instead, any adverse votes will be applied to his/her additional seats on other company boards.

For Chairpersons, a vote against would first be applied towards non-executive positions held, but the Chair position itself would be targeted when they are being elected as Chair for the first time, or when they hold three or more chair positions, on aggregate, or if the Chairperson holds an outside executive position.

On a case-by-case basis, we may vote against directors serving on many private company boards or holding executive positions of large private company.

Composition of Committees

Vote for the election of audit, remuneration, or nomination committee members unless:

- The committee is not sufficiently independent according to local standards.
- The committee is lacking the required expertise according to local standards.

Contested Director Elections

For contested elections of directors, a case-by-case vote is followed through determining which directors are best suited to add value for shareholders.

Discharge of Directors

Generally vote for the discharge of directors, including members of the management board and/or supervisory board, unless there is reliable information about significant and compelling controversies as to whether the board is fulfilling its fiduciary duties, as evidenced by:

- A lack of oversight or actions by board members that invoke shareholder distrust related to malfeasance or poor supervision, such as operating in private or company interest rather than in shareholder interest; or
- Any legal proceedings (either civil or criminal) aiming to hold the board responsible for breach of trust in the past or related to currently alleged actions yet to be confirmed (and not only the fiscal year in question), such as price fixing, insider trading, bribery, fraud and other illegal actions; or
- Other egregious governance issues where shareholders will bring legal action against the company or its directors.

Director, Officer and Auditor Indemnification and Liability Provisions

Vote for proposals seeking indemnification and liability protection for directors and officers on a case-by-case basis. In considering the stated rationale for the proposed change or inclusion of director and officer indemnification, liability protection, and exculpation, we will seek to determine that the directors and executives are acting in good faith on company business and are found innocent of any civil or criminal charges for duties performed on behalf of the company.

Vote against proposals to indemnify external auditors.

Board Structure

Vote for routine proposals to fix board size.

Vote against proposals to alter board structure or size in the context of a fight for control of the company or the board.

Capital Structure

Vote for proposals to reduce capital for routine accounting purposes unless the terms are unfavourable to shareholders.

Vote for proposals to reduce capital in connection with corporate restructuring on a case-by-case basis.

Vote for resolutions that seek to maintain, or convert to, a one-share-one-vote capital structure unless it risks leading to extra costs for the company, or risks diluting the share capital.

Vote against requests for the creation of dual-class capital structures, companies, or stocks with two or more classes of shares with different voting rights for each class. The one share – one vote principle is preferred. We would however not vote against directors if the existing structure is deemed to pose a low risk to shareholders, or if dual-class capital structures is common market practice (e.g., in Sweden).

Vote against the company's acquisition of outstanding shares if it risks changing the ownership structure or treating shareholders with the same economic rights unequally. In companies with a dual class system, including shares with multiple voting rights, a more suitable method to change the capital structure would be through dividend, or redemption of, shares, as these methods do not risk changing the ownership structure and would treat shareholders with the same economic rights equally.

Share Issuances

Existing shareholders should have preferential rights to subscribe for new shares. Any deviations from preferential rights should be clearly justified.

General Issuances

Vote for cash and non-cash share issue requests without pre-emptive rights to a maximum of 10 percent of currently issued capital, except in certain situations where local best practice guidelines recommend a higher threshold.

Generally vote against directed share issuances for cash without pre-emptive rights for existing shareholders.

Vote for issuance requests with pre-emptive rights to a maximum of 50 percent over currently issued capital. If there is a clear market practice suggesting lower levels, these should be adhered to unless there is a satisfactory justification.

Anything beyond the aforementioned thresholds will be evaluated on a case-by-case basis.

General authorization to issue convertible debt and other instruments that give access to shares will be subject to the same thresholds as those described for share issuances.

Specific Issuances

Vote on a case-by-case basis on all requests, with or without pre-emptive rights.

Preferred stock

Vote for the creation of a new class of preferred stock or for issuances of preferred stock up to 50 percent of issued capital unless the terms of the preferred stock would adversely affect the rights of existing shareholders.

Vote for the creation of convertible preferred stock as long as the maximum number of common shares that could be issued upon conversion meets the Voting Guidelines on equity issuance requests.

Reissuance of Repurchased Shares

Vote for requests to reissue any repurchased shares unless existing shareholders have pre-emptive rights to these shares, or there is clear evidence of abuse of this authority in the past.

Vote for requests to reissue any repurchased shares if applying to non-cash issues without pre-emptive rights to a maximum of 10 percent of currently issued capital if specifically motivated by the company's situation and needs for the time of the authorisation period. This issue should be considered separate from authorities to issue new shares, and the shares available for reissuance should not count towards the ceiling for such authorities.

Share Repurchase Plans

In general, we accept share repurchase programs up to 10 percent of the share capital. Authorities to repurchase shares in excess of the 10 percent repurchase limit will be assessed case-by-case and under certain circumstances, support may be warranted provided that the proposal is in the shareholders' interests.

In addition, vote against any proposal where:

- The repurchase can be used for takeover defences;
- There is clear evidence of abuse;
- There is no safeguard against selective buybacks; and/or
- Pricing provisions and safeguards are deemed to be unreasonable seen from a cost effectiveness perspective. In markets where a dual class system exists, the proposal should clarify that the least-expensive shares will be acquired at share repurchases and based on market practice.

Before a vote is cast, it is important to follow up on the methods the board plans to use for repurchase programmes, especially in situations where a company has issued shares with differentiated voting rights (as allowed in the Nordic countries with same economic rights to the company's assets and profits).

Remuneration

Remuneration to executive management

The board should explain how the company's remuneration policy contributes to the business strategy, long-term interests and sustainability of the company. We will generally vote in favour of the policy or its implementation, unless:

- There is insufficient disclosure to assess the total amounts, metrics, or efficacy of the policy.
- There is excessive focus on short-term performance.
- The policy fails to align pay with performance.

- The total remuneration is excessive compared to peers and/or market practice.

We recommend that the implementation of the remuneration policy or the remuneration report, is approved by the general meeting annually.

The remuneration is expected to consist of a fixed and variable element, severance, pension and benefits. Our expectation of each component is outlined below.

Fixed salary

Fixed remuneration should be in line with peer and market practice. Any significant increase should be supported with a clear rationale.

Incentive plans

Variable remuneration should preferably include both short-term and long-term incentives, be based on predetermined, measurable and relevant targets that promote genuine value creation and discourage disproportionate risk-taking.

ESG-related metrics in incentive plans

Companies that have developed sustainability strategies, are encouraged to include ESG-related performance metrics in their compensation structures (short-term and/or long-term incentive). We believe the company is at its own discretion to decide the type of metrics that would be appropriate, but consider that their choice of metrics should be related to their business activities, sector, and where relevant, the targets articulated under their ESG strategy. The metrics should be specific, measurable, comparable and achievable, and subject to the same disclosure requirement as financial performance metrics. The performance period should be long enough to ascertain the link to the company's performance. The Board (or proponent, if shareholder proposal) should explain how the ESG performance metrics relate to the business strategy, long-term interests and sustainability of the company. As the metrics should be aligned with overall strategy, it is expected that the underlying metrics in the incentive plans will not have conflicting priorities (for example, the achievement of the financial/operating metrics should not lead to an inability to achieve the sustainability metrics, and vice versa).

The weight of the sustainability goals in the incentive program should be sufficient to influence behaviour and decision-making.

We may reserve support for the remuneration report, where significant ESG-related incidents or failures have been reported at the company.

Severance

Termination benefits should not exceed market best practices.

Pension & other benefits

Pensions should be in proportion to length of employment in the position, and in line with broader workforce. All other benefits should have a clear business rationale. We advise against discretionary pay.

Malus clause and clawbacks

The adoption of clawback measures is encouraged.

Remuneration to non-executive directors

The overall remuneration to non-executive directors should be reflective of the company's size and complexity. Further, the members' expertise and the amount of time should also be taken into consideration. Remuneration should be reasonable and sufficient to attract non-executive directors.

Generally vote for proposals to award cash fees to non-executive directors, unless the amounts are excessive relative to other companies in the market or industry.

Vote for proposals that include both cash and share-based components to non-executive director compensation proposals on a case-by-case basis.

Vote against where:

- Documents (including general meeting documents, annual report) provided prior to the General Meeting do not disclose fees paid to non-executive directors;
- Proposals include share options for non-executive directors;
- Proposals to introduce retirement benefits for non-executive directors.

Other Corporate Governance Issues

Anti-bribery and corruption

Companies are expected to have an adequate and well-disclosed policies and procedures on anti-corruption and anti-bribery. Companies should have policies meeting international regulations standards.

Companies should have zero-tolerance position on corruption for all employees, subsidiaries and suppliers, an established appropriate whistleblower channel, non-retaliation policy, and sanctions for individuals and entities not honouring the policy.

Companies in the financial sector are expected to have established policies and procedures for anti-money laundering and terrorist financing. Failure to live up to this demand is likely to lead to support for proposals to strengthen the policy.

Companies are expected to have full transparency in matters of breaches of standards of anti-corruption and anti-bribery, and convictions/fines for violation of these standards.

If overall reporting and transparency is deemed insufficient, or if there are reasons to believe that company policies do not function as intended, proposals to increase transparency or strengthen policies may be supported.

Anti-takeover Mechanisms

Generally vote against all anti-takeover proposals, unless they are structured in a way that give shareholders the ultimate decision on any proposal or offer.

Articles of association

Vote case-by-case on proposals related to articles of association.

Same classes of shares shall be freely transferable without restrictions by clauses in the articles of association.

Authority to Reduce Minimum Notice Period for Calling a Meeting

The notice period for calling GMs should be 21 days, or at least 14 days for an EGM if the company clearly states that the shorter notice period would not be used as a matter of routine for such meetings, but only when the flexibility is merited by the business of the meeting.

Bundling of Proposals

Generally vote against a bundled proposal in markets where bundling is not market practice if one or more items of significant governance importance raise serious concerns and shareholders have no opportunity to vote on each item individually at the General Meeting.

Mergers and Acquisitions, Takeover Bids and Reincorporation proposals

Vote case-by-case on mergers and acquisitions. For every M&A analysis, generally review publicly available information as of the date of the report and evaluate the merits and drawbacks of the proposed transaction, balancing various and sometimes countervailing factors including valuation, market reaction, strategic rationale, conflicts of interest, equal treatment of shareholders and governance.

Vote against if the companies do not provide sufficient information upon request to make an informed voting decision.

Vote on proposals to waive mandatory takeover bid requirements on a case-by-case basis.

Related Party Transactions & Auditor Report on Related Party Transactions

When evaluating resolutions that seek shareholder approval on related-party transactions (RPTs), vote on a case-by-case basis considering factors including, but not limited to, the following:

- The parties on either side of the transaction;
- The nature of the asset to be transferred/service to be provided;
- The pricing of the transaction (and any associated professional valuation);
- The views of independent directors (where provided),
- The views of an independent financial adviser (where appointed);

- Whether any entities party to the transaction (including advisers) are conflicted; and
- The stated rationale for the transaction, including discussions of timing.

If a transaction is deemed problematic but was not put to a shareholder vote, we may vote against the election of the director involved in the related-party transaction or the full board.

If there is a resolution seeking approval of the auditor reports on related-party transactions, screen for and evaluate agreements with respect to the following issues:

- Director Remuneration
- Consulting Services
- Liability Coverage
- Certain Business Transactions.

In general, companies are expected to provide the following:

- Adequate disclosure of terms under listed transactions (including individual details of any consulting, or other remuneration agreements with directors and for any asset sales and/or acquisitions);
- Sufficient justification on transactions that appear to be unrelated to operations and/or not in shareholders' best interests;
- Fairness opinion (if applicable in special business transactions); and
- Any other relevant information that may affect or impair shareholder value, rights, and/or judgment.

Vote against these proposals if the company fails to provide an annual report in a timely manner, generally at least 21 days prior to the meeting.

Virtual Meetings

Generally vote for proposals allowing for the convening of hybrid shareholder meetings if it is clear that the intention is not to hold virtual-only GMs.

Tax and transparency

Companies are expected to comply with all applicable tax laws and regulations in each market in which it operates. Paying taxes is a way for businesses to contribute to the societies where they execute their business, and ensure that the communities benefit from their operations. As a general principle, taxes should be paid where economic value is generated.

We expect companies to adopt and disclose appropriate and prudent tax policies, and refrain from aggressive tax arrangements.

The policies should apply to all controlled entities within a group. Market-by-market reporting is encouraged. Companies should disclose their full group structure, and the ultimate beneficiary of subsidiaries, branches, joint ventures or affiliates, in a manner that is easy to understand.

If overall reporting is deemed insufficient, or if there are reasons to believe that these policies do not function as intended, proposals to strengthen these policies may be supported.

Environmental and Social Issues

Issues covered by the Voting Policy include a wide range of environmental and social topics, including consumer and product safety, environment and energy, labour standards and human rights, workplace and board diversity, and corporate political issues. While a variety of issues go into each analysis, the overall principle guiding all vote recommendations is how the proposal may enhance or protect shareholder value in either the short term or long term.

Generally vote case-by-case, examining primarily whether implementation of the proposal is likely to enhance or protect shareholder value. The following factors should be considered:

- Whether the issues presented in the proposal are more appropriately or effectively dealt with through legislation or government regulation;
- Whether the company has already responded in an appropriate and sufficient manner to the issues raised in the proposal;
- Whether the proposal's request is unduly burdensome (scope or timeframe) or overly prescriptive;
- Whether the issue at hand is at a level of materiality sufficient to warrant action from the shareholders;
- The company's approach compared with any industry standard practices for addressing the issues raised by the proposal;
- Whether there are significant controversies, fines, penalties, or litigation associated with the company's environmental or social practices;
- If the proposal requests increased disclosure or greater transparency, whether reasonable and sufficient information is currently available to shareholders from the company or from other publicly available sources; and
- If the proposal requests increased disclosure or greater transparency, whether implementation would reveal proprietary or confidential information that could place the company at a competitive disadvantage.

Some of our generally supported proposals include, but are not limited to:

- Gender/Racial Pay Equity Report
- CEO and Employee Pay Ratio Report
- Report on Lobbying Payments and Policy
- Climate Lobbying Report
- Report on Human Rights Impact Assessment
- Report on Compliance with International Human Rights Standards
- Adopt Supply Chain Deforestation Policy
- Report on Supply Chain Water Risk
- Conduct Water Risk Assessment
- Report on Tax Transparency
- Audit on Working Conditions
- Report on Efforts to Reduce Plastic Use
- Report on Plastic Pollution
- Report on use of Artificial Intelligence
- Adopt a board skills matrix/review of director skills

Below are some specific environmental and social issues, together with examples of how proposals related to those issues would be approached.

Environmental issues

Climate-related Disclosure

Companies should communicate their efforts to mitigate and combat climate change and its governance over such issues, if relevant.

Companies are expected to take at least the minimum steps needed to understand, assess and mitigate risks related to climate change, as follows:

- Detailed disclosure of climate-related risks, such as according to the framework established by the Task Force on Climate-related Financial Disclosures (TCFD), including:
 - a. Board governance measures;
 - b. Corporate strategy;
 - c. Risk management analyses; and
 - d. Metrics and targets.
- Appropriate GHG emissions reduction targets.

For companies that are significant greenhouse gas (GHG) emitters, through their operations or value chain¹, including companies in scope under our proprietary Net-Zero Pathway Framework for investee companies², Danske Bank will generally vote against the responsible incumbent director(s), or any other appropriate item(s) in cases where it is determined that the company is not taking the minimum steps³. If the company has not published targets for greenhouse gas emissions (broken down by scope 1, 2 and 3 carbon emissions) or if these are insufficiently ambitious, a proposal to set and publish such targets is likely to be supported if the proposal is seen as reasonable in its scope and not detrimental to shareholder value. Available research, if appropriate, will be considered when evaluating the need for more extensive reporting.

Failure to provide the above disclosure is likely to lead to the support of proposals requiring better disclosure, if considered as reasonable in scope and not detrimental to shareholder value.

¹ <https://www.climateaction100.org/whos-involved/companies/>

² Not including strategies that are exempted from the fossil fuel restrictions.

³ It is noted that expectations about what constitutes "minimum steps to mitigate risks related to climate change" will increase over time. For example, in 2022, targets for Scope 3 emissions will not be required but targets should cover at least a significant portion of the company's direct emissions

Say on Climate and Transition plans

Considering their significant contribution to global greenhouse gas emissions, vote against the say on climate or transition plan proposals of oil and gas companies, where the plan is not in line with International Energy Agency's (IEA) Net Zero scenario, and the company shows no ambition or ability to adjust its plan.

We may also vote against the proposed plans by companies in other emission intensive industries (airlines, aluminium, automobiles, cement, mining, pulp & paper, shipping, steel, utilities), if the plan is significantly misaligned with the targets set by the Paris Agreement, and the company, upon engaging, expresses no will to improve.

Our preferred strategy on climate and transition plans is to engage with companies and have an open dialogue to understand their challenges. If a proposed plan is not aligned with the targets set by the Paris Agreement, we will engage with the company to understand its ambition and ability to transition. If we determine that the company has demonstrated a commitment for improvement, we may vote for the plan, despite being misaligned in the year presented.

All say on climate and transition plan proposals are reviewed on a case-by-case basis. Our assessment of a transition plan considers, while not an exhaustive list, the factors below:

- Overall climate-related disclosure
- Ambition and emission targets
- Decarbonisation strategy
- Capital allocation alignment
- Climate policy engagement
- Climate governance
- Just transition

The factors are assessed as deemed most relevant for the industry and circumstances for the company in question. See sections on Climate Disclosure, and Emissions, for further details into what is expected of company transition plans.

Figure 1 is an outline of the general workflow for our voting on transition plans.

Climate-related lobbying

Companies are expected to be transparent with regards to their public policy advocacy activities, such as climate lobbying, and membership in trade/industry organizations. Companies are expected to align such activities with their stated climate objectives. If that is not the case, proposals to strengthen disclosure on such matter are likely to be supported.

Biodiversity

Company reporting is expected to cover all relevant topics within biodiversity, such as ecosystem preservation practices, natural species and protected areas, and deforestation. It should be in line with market practice and legal requirements, and sufficient to provide investors and other stakeholders with adequate information.

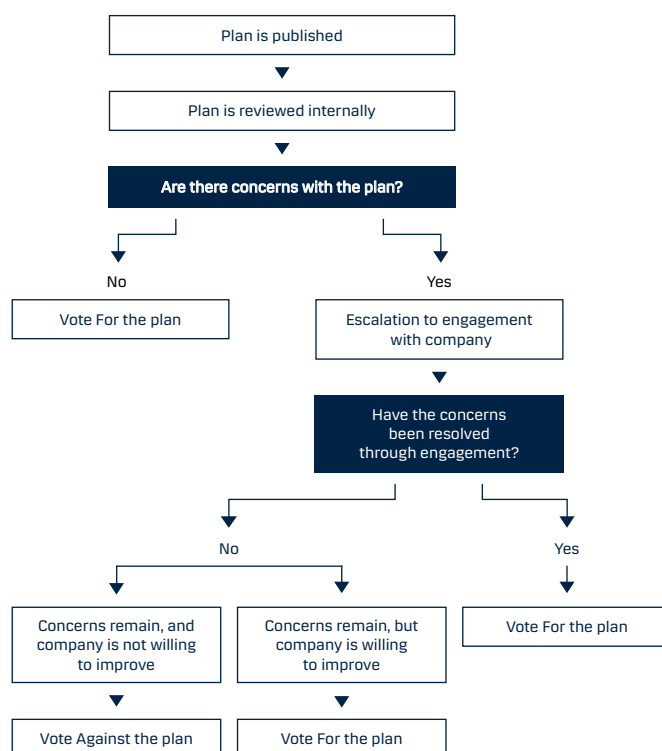
Companies are expected to follow guidelines and expectations set out in framework such as:

- UN Convention on Biological Diversity (CBD);
- The Nagoya Protocol;
- The Cartagena Protocol;
- Kunming-Montreal Global Biodiversity Framework; and
- TNFD.

In its reporting, the company should include information on:

- Operations that affect IUCN Red List⁴ species and/or national conservation list species;
- Operations on cultural and natural sites on the UNESCO World Heritage List;
- Operations in wetlands covered by the Ramsar convention;
- Areas that fall under categories I-IV of the International Union for Conservation of Nature; and
- Prevention of deforestation and protection of natural forests, bogs, mangroves and rainforests, as described in the high conservation value (HCV) concept.

Figure 1



⁴ <https://www.iucnredlist.org/>

Deforestation

Companies with material deforestation risks are expected to report on their exposure and management of deforestation related risks and opportunities. Such companies should set deforestation free targets, work with suppliers and partners to halt and stop deforestation, and thereby designing deforestation free products and services. These companies are expected to disclose their overall approach, content of commitments, associated human rights and progress report. If the company's reporting is not deemed to be in line with demands, a proposal requesting further disclosure may be supported.

Where relevant proposals have been tabled at companies with high exposure to deforestation risk commodities (such as, palm oil, cattle, soy, coffee, cocoa, timber, rubber), and products derived from the listed commodities (such as beef, furniture, or chocolate), through their operations or value chain, we may abstain from supporting relevant board members on a case-by-case basis if the company is deemed to not adequately address deforestation risks by failing to implement robust policies, processes, and targets on reducing deforestation.

Financed emissions

Through their investment, lending, underwriting and advisory services, the banking and financial sectors are critical for the transition to a low-carbon world. The financial sector has negligible direct emissions (Scope 1 and 2 emissions), but significant indirect impact through financing and advisory activities (financed emissions, Scope 3 category 15) - in practice, the emissions of a bank's client. Companies should facilitate investments and lending that are consistent with a 1.5°C pathway, and demonstrate how they are addressing risks associated with misaligned activities.

Banks and financial companies are expected to:

- Commit to becoming net zero by 2050 in at least one material business segment (investment banking, global markets, retail and commercial banking, asset and wealth management);
- Disclose their financed emissions, both the absolute emissions and emission intensities, and the methodology of such calculations;
- Establish and disclose short- and medium-term reduction targets for their financed emissions;
- Have a decarbonisation strategy to deliver on their reduction targets, such as through engagement with clients and investee companies on decarbonisation efforts, phasing out of activities misaligned with 1.5°C degree scenario, etc..

If the above is not publicly available or if the extent of the efforts are limited, proposals requesting further disclosures are likely to be supported.

Social issues

Human rights

Companies are expected to have a human rights policy, containing

a due diligence process to identify, prevent, mitigate and address adverse human rights impacts.

Companies are expected to address, either through a standalone policy, or as part of larger document:

- Child labor and children's rights
- Forced or compulsory labor
- Modern slavery or trafficking in human beings

In line with Danske Bank's Supplier Code of Conduct, the policy or measures are expected to cover the whole supply chain⁵. Where relevant, companies are expected to disclose in line with the applicable modern slavery acts in markets that they operate in.

Demands for reports on ongoing or historic human rights will be considered on a case-by-case basis. The number and nature of identified cases of severe human rights issues and incidents shall be disclosed and failure to do so is likely to lead to support for proposals to increase transparency.

If overall reporting is deemed insufficient, or if there are reasons to believe that these policies do not function as intended, proposals to strengthen these policies may be supported.

For further information on our human rights approach and commitments, please review Danske Bank's Human Rights position statement.

Labour Rights

As part of general human rights efforts, companies are expected to protect the human rights of its workers. Company policy and practice is expected to be in line with best practice in the market, and aligned with international conventions such as the ILO Declaration on Fundamental Principles and Rights at Work and other Conventions⁶ on social and labour issues such as minimum wages, industrial relations, employment policy, social dialogue, social security. Companies are expected to ensure safe working conditions, e.g. maximum set of working hours, and equal treatment and working conditions for all employees, including migrant workers.

Companies are expected to address, either through standalone documents, or as part of a larger document, the following areas:

- Discrimination and harassment
- Equal remuneration
- Freedom of association and right to collective bargaining
- Health and safety
- Labour standards in supply chains
- Whistleblowing system

We expect such policies or measures to cover all operations, and all employees regardless of employment form (full-time, part-time, contractor, etc.).

⁵ <https://danskebank.com/en-uk/suppliers/Guidelinesandmanuals/Documents/Danske%20Bank%20Supplier%20Code%20of%20Conduct%20June%202020%20ENG.pdf>

⁶ <https://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang-en/index.htm#:~:text=The%20ILO%20Governing%20Body%20has,forced%20or%20compulsory%20labour%3B%20the%20cover%20at%20least%20a%20significant%20portion%20of%20the%20company's%20direct%20emissions>

If overall reporting is deemed insufficient, or if there are reasons to believe that these policies do not function as intended, proposals to strengthen these policies may be supported.

Living wage

Companies are expected to provide the minimum wage in the relevant jurisdiction. They are expected to have a robust wage policy and appropriate wage management systems, to ensure suitable and fair wages to all its employees. If that is not the case, or if there is reason to believe that these policies do not function as intended, proposals to strengthen these policies are likely to be supported.

Proposals to adopt a living wage will be evaluated on a case-by-case basis. There is no "one-size-fits-all" when it comes to wage, but workers should be able to afford the basic needs of life, such as food, housing, clothing and transportation, with a margin to address unforeseen events. However, we do not deem it appropriate to require a company to implement a standard that is not required of its competitors, as it would not solve the broader issue.

Political spending and lobbying

Companies are expected to be transparent with regards to their political spending and lobbying practices. If that is not the case, proposals to strengthen disclosure on such matter are likely to be supported.

Escalation

The Responsible Investment team will collaborate with relevant Asset Management functions to assess alignment with the principles outlined in the Voting Guidelines before casting a vote. Should there be any major discrepancies or significant deviations in regard to the approach detailed in the Voting Guidelines, these issues will be escalated to the Head of Asset Management, Chief Investment Officer, and Head of Responsible Investment in Danske Bank for evaluation. Voting decisions must align with our fiduciary duty, which requires us to prioritize the best interests of our clients.

Review

The Voting Guidelines are reviewed and updated annually. The review is done at the end of the calendar year.

The review involves an analysis of the overall adherence to the Voting Guidelines, market and regulatory developments. The review includes stakeholder input from the investment teams and the Responsible investment team.

The conclusion of this review is provided to the Responsible Investment Committee and the ESG Integration Council, as part of the annual update on Active Ownership activities and is used to inform the review of subsequent iterations of the Voting Guidelines.