

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant Danske Invest Management A/S (OHJ290IYX8XV082Q9508)

Summary (ENG)

Danske Invest Management A/S, (OHJ290IYX8XV082Q9508), considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Danske Invest Management A/S.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022. For the reference period of 2022 reporting against each of the relevant indicators will be done no later than 30 June 2023. That report will also include a summary of the principal adverse impacts, a description of actions taken within the relevant reference period and actions planned or targets set for the subsequent period to avoid or reduce the principal adverse impacts identified.

Sammenfatning (DK)

Danske Invest Management A/S, (OHJ290IYX8XV082Q9508), tager hensyn til de væsentligste negative indvirkninger af sine investeringsbeslutninger på bæredygtighedsfaktorer. Denne erklæring er den konsoliderede erklæring om de væsentligste negative indvirkninger på bæredygtighedsfaktorer fra Danske Invest Management A/S.

Denne erklæring om de væsentligste negative indvirkninger på bæredygtighedsfaktorer omfatter referenceperioden fra den 1 januar 2022 til 31. december 2022. Rapporteringen over disse indvirkninger identificeret i referenceperioden vil blive offentliggjort senest 30 juni 2023. Rapporten vil også indeholde en sammenfatning af de vigtigste negative indvirkninger, en beskrivelse af trufne foranstaltninger og planlagte foranstaltninger og mål fastsat for den næste referenceperiode.

Tiivistelmä (FI)

Danske Invest Management A/S, (OHJ290IYX8XV082Q9508), ottaa huomioon sijoituspäätöksensä pääasialliset haitalliset vaikutukset kestävyystekijöihin. Tämä ilmoitus on Danske Invest Management A/S yhdistetty ilmoitus pääasiallisista haitallisista vaikutuksista kestävyystekijöihin.

Tämä ilmoitus pääasiallisista haitallisista vaikutuksista kestävyystekijöihin kattaa viitekauden, joka alkaa 1 päivänä tammikuuta ja päättyy 31 päivänä joulukuuta 2022.

Vuoden 2022 viitekaudelle, raportointi jokaisesta oleellisesta indikaattorista toimitetaan viimeistään 30. päivänä kesäkuuta 2023. Raportti tulee sisältämään myös tiivistelmän pääasiallisista haitallisista kestävyysvaikutuksista, kuvauksen viitekauden aikana tehdyistä toimenpiteistä sekä seuraavan ajanjakson suunnitelmista ja tavoitteista liittyen pääasiallisten haitallisten kestävyysvaikutusten vähentämiseen.

Sammanfattning [SE]

Danske Invest Management A/S, (OHJ290IYX8XV082Q9508), beaktar sina investeringars huvudsakliga negativa konsekvenser på hållbarhetsfaktorer. Föreliggande redogörelse är den konsoliderade redogörelsen för huvudsakliga negativa konsekvenser för hållbarhetsfaktorer för Danske Invest Management A/S.

Denna redogörelse för de huvudsakliga negativa konsekvenserna för hållbarhetsfaktorer omfattar perioden 1 januari 2022 till den 31 december 2022. Rapportering av alla de relevanta indikatorerna för perioden 2022 kommer att ske senast 30 juni 2023. Den rapporten kommer också innehålla en summering av de huvudsakliga negativa konsekvenserna, en beskrivning av vidtagna åtgärder under den aktuella perioden samt planerade åtgärder eller uppsatta mål för kommande perioder för att undvika eller reducera de identifierade huvudsakliga negativa konsekvenserna.

Sammendrag (NO)

Danske Invest Management A/S, (OHJ290IYX8XV082Q9508), vurderer vesentlige negative konsekvenser av selskapets investeringsbeslutninger på bærekraftfaktorer. Redegjørelsen som foreligger er den konsoliderte redegjørelsen for vesentlige negative konsekvenser på bærekraftfaktorer for Danske Invest Management A/S,

Denne redegjørelsen for vesentlige negative konsekvenser på bærekraftfaktorer gjelder referanseperioden fra 1. januar 2022 til 31. desember 2022. Rapportering for hver av de relevante indikatorene for referanseperioden 2022 vil bli tilgjengeliggjort senest 30. juni 2023. Rapporten vil også inkludere et sammendrag av de vesentlige negative konsekvensene, en beskrivelse av gjennomførte tiltak innenfor den relevante referanseperioden og planlagte tiltak eller mål satt for den påfølgende perioden for å unngå eller redusere indentifiserte vesentlige negative konsekvenser.

Description of the principal adverse impacts on sustainability factors

For the purposes of this statement, by “principal adverse impacts” is meant the negative, material or likely to be material effects on sustainability factors caused, compounded by or directly linked to our investment decisions. We prioritise and report on principal adverse impacts of our investment decisions on sustainability factors on basis of and covering the indicators listed below.

Through the consideration of principal adverse impacts, Danske Invest Management A/S is monitoring and reporting on 18 mandatory principal adverse impact indicators and six voluntary indicators defined by SFDR. The aim is to address these impacts at different degrees on a fund and entity level in order to reduce the negative footprint our investments have and/or may have on society. How and to what extent we consider and address principal adverse impacts will evolve over time and hence continuously alter this statement. Further, there are differentiations between the funds.

Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	N/A	N/A	N/A	N/A
		Scope 2 GHG emissions	N/A	N/A	N/A	
		Scope 3 GHG emissions	N/A	N/A	N/A	
		Total GHG emissions	N/A	N/A	N/A	
	2. Carbon footprint	Carbon footprint	N/A	N/A	N/A	
	3. GHG intensity of investee companies	GHG intensity of investee companies	N/A	N/A	N/A	

	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	N/A	N/A	N/A	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	N/A	N/A	N/A	
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	N/A	N/A	N/A	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	N/A	N/A	N/A	N/A
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested,	N/A	N/A	N/A	N/A

		expressed as a weighted average				
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	N/A	N/A	N/A	N/A
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	N/A	N/A	N/A	N/A
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints	N/A	N/A	N/A	N/A

	principles and OECD Guidelines for Multinational Enterprises	handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises				
	12.Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	N/A	N/A	N/A	N/A
	13.Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	N/A	N/A	N/A	N/A
	14.Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	N/A	N/A	N/A	N/A

Indicators applicable to investments in sovereigns and supranationals

Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15.GHG intensity	GHG intensity of investee countries	N/A	N/A	N/A	N/A

Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	N/A	N/A	N/A	N/A
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	N/A	N/A
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A	N/A	N/A

Other indicators for principal adverse impacts on sustainability factors

Adverse sustainability indicator	Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
ADDITIONAL CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Indicators applicable to investments in investee companies						
Emissions	19. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	N/A	N/A	N/A	N/A
ADDITIONAL INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Indicators applicable to investments in investee companies						
Social and employee matters	20. Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers	N/A	N/A	N/A	N/A
Human Rights	21. Lack of a human rights policy	Share of investments in entities without a human rights policy	N/A	N/A	N/A	N/A
Indicators applicable to investments in sovereigns and supnationals						

Governance	22. Average corruption score	Measure of the perceived level of public sector corruption using a quantitative indicator explained in the explanation column	N/A	N/A	N/A	N/A
	23. Non-cooperative tax jurisdictions	Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes	N/A	N/A	N/A	N/A
	24. Average rule of law score	Measure of the level of corruption, lack of fundamental rights, and the deficiencies in civil and criminal justice using a quantitative indicator explained in the explanation column	N/A	N/A	N/A	N/A

Reporting against each of the relevant indicators will be done no later than 30 June 2023.

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Governance and organisational framework:

The Responsible Investment Policy of Danske Invest Management A/S adopted by the Board of Directors on 23 February 2023 confirms and outlines the commitment to identify and prioritise principal adverse impacts on sustainability factors. The Responsible Investment Policy is aligned with the Group Policy of Danske Bank A/S and is subject to regular, not less than annual, reviews, with input from relevant stakeholders including the Responsible Investment Team in Danske Bank. The Responsible Investment Policy and its commitments to identify and prioritise principal adverse impacts are further operationalised through underlying instruction on Exclusions and the Active Ownership Policy with supporting guidelines.

Prioritisation of principal adverse sustainability impacts:

As stated in the Responsible Investment Policy, Danske Invest Management A/S aims to analyse and assess the negative impacts and positive impacts of our investments and to address these aspects in accordance with the needs of our customers. We prioritise the management of principal adverse

impacts on sustainability factors through our investment manager, Danske Bank A/S, in accordance with Group Position Statements and other sustainability-related strategies and commitments.

Danske Invest Management A/S strives to refrain from investments in companies involved in thermal coal, tar sands, peat-fired generated power products and tobacco related activities for investments managed on behalf of clients in accordance with the exclusion criteria and thresholds defined in the Exclusion Instruction. This is subject to specific client mandates, investments where we due to data constraints, and the nature of the investment, e.g. indirect exposures through derivatives are unable to abide to this commitment. Same goes for certain investment strategies making indirect investments through externally managed funds. Whether and how an exclusion related to principal adverse impacts are applied to a fund is dependent on the strategy of the given fund and set out in investment guidelines and pre-contractual disclosures based on definitions in the Exclusion Instruction.

In addition to the overall investment restrictions, an increasing number of our funds have a wider range of investment restrictions covering activities such as fossil fuels, military equipment and gambling all as individually disclosed in precontractual disclosures.

From the fund perspective, the management and prioritisation of principal adverse impacts are defined by the given strategy and investment portfolios/activities also leading to certain strategies not considering principal adverse impacts. Principal adverse impact considerations can lead to or influence decision-making to either buy/increase weighting, hold/maintain weighting, decrease weighting, or sell/divest.

As a minimum standard for those strategies prioritising principal adverse impacts, such impacts are managed through exclusions and active ownership activities. This may be supplemented by inclusion criteria that further addresses specific principal adverse impacts.

Identification of principal adverse sustainability impacts:

Principal adverse impacts are identified through screening of external impacts of an investee company's or sovereign's activities and that may significantly affect society and environment.. The screening, undertaken by the investment manager, focuses on a core set of universal mandatory indicators that always lead to principal adverse impacts and additional indicators we have committed ourselves to assess, as outlined in this Statement.

Subject to data availability, the selection of voluntary principal adverse impact indicators follows the methodology/guiding principle of selecting the indicators which are deemed most relevant to consider based on the investment management philosophy and exposures. Our investment manager is continuously striving to expand the list to ensure that the processes capture negative dimensions to the largest extent.

For the purpose of performing prudent due diligence, we expect investment teams to review financial and sustainability information from multiple data sources (including but not limited to company reports and third-party investment research). The strength of this bottom-up approach is a solid foundation of data, tools and resources that enables the investment teams to address principal adverse impacts. In addition, the trading/compliance platforms have an integrated pre-trade warning system capturing weak performance on principal adverse impact indicators. Essentially the trading platform ensures that when a portfolio manager of an actively managed strategy is placing a trade for a security/issuers that has been assessed as negative performance on one or more principal adverse impact indicators, the portfolio manager will receive a warning to prompt further due diligence

of the issuer. Other ESG data is also integrated into these trading platforms and analytical tools to seamlessly integrate considerations in portfolio managers' regular work-flows/security views. The above do not apply to funds managed by third parties outside Danske Bank.

Involvement in sustainability related controversies, practices, or other activities considered unacceptable and/or significant principal adverse impacts on sustainability factors is captured by the enhanced sustainability standards screening leading to exclusion of conduct and activities deemed harmful to society. The enhanced sustainability standards is Danske Bank's proprietary screening model which supports exclusions of companies that are engaged in activities and conduct harmful to society within our investment universe. Enhanced sustainability standards is a quarterly incident based review of companies alleged to be violating international norms as defined by international organizations such as the OECD, ILO, UN and other treaties or conventions deemed to be material. The screening is undertaken based on data from multiple ESG data providers (ISS, MSCI, Sustainalytics, VerRisk MapleCroft), Danske Bank investment teams, Danske Bank Group position statements and as well as other relevant sources and stakeholders (e.g. NGOs).

Find more information on our Responsible Investment Policy, Exclusion Instruction and Excluded Investments on

[Få et indblik i vores arbejde med bæredygtighed \(danskeinvest.dk\)](https://danskeinvest.dk)

Dataset used for reporting and margin of error:

The measurement of adherence and alignment as well as reporting on principal adverse impact indicators is in general based on data from one external provider of sustainability data. For more information see the document "ESG Dataplatform" on <https://danskebank.com/sustainability-related-disclosures>.

The data provider, ISS ESG, has been selected by our investment manager on basis of a thorough due diligence process. This means that dimensions such as models used, data coverage and alignment of the definitions outlined in SFDR have been scrutinised. More information on ISS' methodology (ISS ESG SFDR Principal Adverse Impact Solution - Data Dictionary) is available through ISS ESG.

In utilising ISS as vendor no direct collection of data is in overall done from the companies or issuers that we invest into. However, for certain asset classes such as illiquid investments managed through funds managed by other management companies, aim is to collect missing data from these managers to the extent possible. There is engagement with the external data provider in cases where data is incorrect or if there are significant data gaps. For calculations requiring an average, these averages are based on holdings with coverage.

As of November 2022, ISS ESG has data coverage for up to 7 400 issuers for corporate principal adverse impacts, up to 26 000 Issuers for corporate controversies linked principal adverse impacts and up to 190 countries for Sovereign and Supranational Assets. The data coverage on individual principal adverse impacts may vary greatly, dependent of the quality of the corporate disclosures. At this point in time, it is difficult to assess the magnitude of the margin of error, but it is expected to be substantial. As corporate disclosures are expected to improve and increase over time, we also expect the margin of error to be reduced impacting the reports.

Engagement policies

In Danske Invest Management A/S, the approach to Active Ownership is governed through the Active Ownership Policy. As stated in the Active Ownership Policy, Danske Invest Management A/S leverages Active Ownership to influence the impact that investee companies' have on sustainability-related matters, and thereby make a positive contribution to society. As such Active Ownership can be exercised when required in order to manage principal adverse impacts, including adverse impacts managed through Net Zero commitments under the Net Zero Asset Managers Initiative that our investment manager has signed up for. The framework and infrastructure supports considerations of all indicators and with such considerations to be further outlined in underlying engagement (including voting) guidelines. Further, as we start to report on principal adverse impacts on investments, we expect that reporting figures will impact our approach to Active Ownership and trigger relevant actions, including in situations where there in general is no reduction of the reported principal adverse impacts over more than one period reported on.

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. The investment teams engages in direct dialogue with the companies in which they invest with the aim of influencing the companies' behaviour, strategies and performance in relation to business-critical sustainability aspects and principal adverse impacts.

The investment teams can use in-depth knowledge of the companies to manage principal adverse impacts on sustainability factors, for example, whenever relevant, influence them to reduce their CO2 emissions, increase diversity on the board of directors, strengthen waste management processes, create safe and healthy working conditions for employees, or fight corruption.

At the same time, we -through our investment manager- focus on supporting companies' long-term value creation. The dialogue also provides the investment teams with greater insight into companies - insights that the teams then use to make better-informed investment decisions that can benefit the potential return for our investors. In engagements investment teams take into account the commitments to internationally recognised principles governing responsible business conduct, such as the UN Global Compact and OECD Guidelines for Multinational Enterprises and corporate governance standards, such as the G20/OECD Principles of Corporate Governance.

Through the Danske Bank Group, Danske Invest Management A/S is a member of several investor organisations and investor initiatives and collaborate with a range of other relevant stakeholders. By doing this, aim is to contribute to the development of responsible investments and to promote transparency and sustainability standards in companies and in the financial markets. Through our investment manager, we work with other investors and stakeholders to exert active ownership and engage in joint dialogue with companies to contribute to positive change. By working together, we and the investment industry gain a stronger voice, and this enables us to put additional pressure on companies to address and improve on sustainability-related issues and have responsible business practices.

Voting rights are used at companies' annual general meetings to voice our opinion on key business issues. It is an important part of our investment manager's efforts to support and influence companies to address business-critical aspects. The voting is done on a wide array of topics, including remuneration policies, capital structure and shareholders' rights, CO2 emissions, energy efficiency, gender diversity, biodiversity, human rights and

anti-corruption. Through voting, we seek to support a company's long-term growth potential, mitigate its sustainability risks and minimise companies' adverse impacts on society. We are transparent on how we vote, and all voting activities including our voting guidelines can be found on our voting portal.

Find more information in our Active Ownership Policy on [Få et indblik i vores arbejde med bæredygtighed \(danskeinvest.dk\)](#)

References to international standards

We prioritise the management of principal adverse impacts in accordance with Danske Bank Group position statements and other sustainability-related strategies and commitments. This includes but is not limited to the following international standards and commitments; UN Sustainable Development Goals (SDGs), UN Global Compact, UN Guiding Principles on Business and Human Rights, UN Principles for Responsible Investment, OECD Guidelines for Multinational Enterprises, G20/OECD Principles of Corporate Governance, Sustainability Accounting Standards Board (SASB), The Task Force on Climate-related Financial Disclosures (TCFD), CDP (formerly Carbon Disclosure Project), ESG4Real, LuxFLAG, Paris Pledge for Action, The Montréal Carbon Pledge, Climate Action 100+, The Partnership for Biodiversity Accounting Financials (PBAF), The Partnership for Carbon Accounting Financials (PCAF). In addition, standards are indirectly referred to in Danske Bank Group position statement on Agriculture, Climate Change, Fossil Fuels, Mining and Metals, Arms and Defence, Forestry and Human Rights. Our investment manager has further joined the Net Zero Asset Management Initiative (NZAMI), committing to reaching net-zero emissions by 2050 or sooner in respect to asset managed on behalf of Danske Invest Management, in line with the Paris Agreement. To support this commitment, our investment manager has set concrete emission intensity and engagement targets. In addition, our investment manager has also set temperature rating targets for certain funds. The Science Based Target initiative (SBTi) based temperature rating targets are set for listed equities and credits and will help identify companies that have Paris-aligned transition plans in place by providing a single number to assess companies' transition plans. The approach is a method to determine a portfolio's current 'temperature value' based on the emissions reduction targets of the invested companies. Over the course of the next few years, the targets will be further developed and implemented on specific funds.

Historical comparison

The earliest historical comparison will be provided in June 2024

Change Log

Date	Date Version number	Comments/changes
10 March 2021	1.0	Principal Adverse Impact Statement created
28 December 2021	2.0	<p>Indicators amended to reflect Regulatory Technical Standards (applicable from 1 January 2023)</p> <p>Indicators expanded to cover sovereigns and supranational as well as Real Estate</p> <p>Additional indicators added</p> <p>Further nuanced descriptions on Identification of principal adverse impacts,</p> <p>Prioritisation of principal adverse impacts as well as Engagement policies and references to international standards</p>
30 June 2022	3.0	<p>Further nuanced descriptions on Identification of principal adverse impacts,</p> <p>Prioritisation of principal adverse impacts as well as Engagement policies and references to international standard</p>
23 February 2023	4.0	<p>Aligned with Annex 1 Template</p> <p>Updated based on the updated Responsible Investment Policy</p> <p>Updated based on the updated Danske Bank Exclusion Instruction</p> <p>Summary section updated</p>