

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

Statement on principal adverse impacts of investment decisions on sustainability factors

28 June 2024

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1. Summary

[Sammenfatning \(DK\)](#), [Tiivistelmä \(FI\)](#), [Sammanfattning \(SE\)](#), [Sammendrag \(NO\)](#), [Zusammenfassung \(GE\)](#)

Danske Invest Management A/S, OHJ290IYX8XV082Q9508, ("Danske Invest Management") 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. This statement on principal adverse impacts on sustainability factors covers the reference period of 1 January 2023 to 31 December 2023. Principal adverse impacts are addressed through our funds according to their materiality and type, as well as the nature and commitments of the funds, and measured through mandatory and other indicators outlined in the Delegated Act (EU) 2022/1288 under the Sustainable Finance Disclosure Regulation 2019/2088 (EU).

The principal adverse impact indicators relate to investments in both investee companies, sovereigns/supranationals and real estate assets. Danske Invest Management does not invest in real estate, meaning these indicators are not of relevance to this statement. Below table summarises our reported adverse impacts for year 2023. The impacts of the adverse impacts have been prioritised through the general approach applied at firm level, and strategy specific commitments. In addressing the adverse impacts, we have used a set of tools available to us (Inclusions, Exclusions and Active ownership). Further information on the "impacts" and "actions taken" can be found in the "Description of the principal adverse impacts on sustainability factors" of this statement.

Indicators applicable to investee companies			
Adverse Sustainability Indicator	Metric	Impact year 2023	
GHG Emissions	GHG Emissions (1,1)	Scope 1 GHG Emissions	1,350,779 tCO2e
		Scope 2 GHG Emissions	363,831 tCO2e
		Scope 3 GHG emissions	15,975,011 tCO2e
		Total GHG emissions	17,689,622 tCO2e
	Carbon Footprint (1,2)	Carbon Footprint	323 tCO2e/m€ invested
	GHG Intensity (1,3)	GHG Intensity	960 tCO2e/m m€ of revenue (66%)
	Share of investments in companies in the fossil fuel sector (1,4)	Share of investments in companies active in the fossil fuel sector	5% share of investments in companies in the fossil fuels sector
	Share of non-renewable energy consumption and production (1,5)	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 source	Non-renewable energy consumption: 57% share Non-renewable energy production: 1% share
	Energy consumption intensity per high impact climate sector (1,6)	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Page10
Investments in companies without carbon emission reduction initiatives (2,4)	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	41% without initiatives	
Biodiversity	Activities negatively affecting biodiversity-sensitive areas (1,7)	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	0.01% with negative impact on biodiversity

Indicators applicable to investee companies			
Adverse Sustainability Indicator		Metric	Impact year 2023
Water	Emissions to water (1,8)	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.005 tons/m€ invested
Waste	Hazardous waste and radioactive waste ratio (1,9)	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	10 tons/ m€ invested
Social and employee matters	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (1,10)	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.03% involved in violations
	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (1,11)	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	13% share of investments
	Unadjusted gender pay gap (1,12)	Average unadjusted gender pay gap of investee companies	4% pay gap
	Board gender diversity (1,13)	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	30% ratio (female directors (total directors)
	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) (1,14)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0% involvement
	Insufficient whistleblower protection (3,6)	Share of investments in entities without policies on the protection of whistleblowers	0.3% share of investments
	Lack of a human rights policy (3,9)	Share of investments in entities without a human rights policy	19% lacks a Human Rights policy
Indicators applicable to investments in sovereigns and supranationals			
Environmental	GHG Intensity (1,15)	GHG intensity of investee countries	33 tCO ₂ e/ m€ of m€ of country's GDP
Social	Investee countries subject to social violations (1,16)	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	61 investee countries subject to violations
Governance	Average corruption score (3,21)	Measure of the perceived level of public sector corruption using a quantitative indicator.	0.23 average corruption score
	Non-cooperative tax jurisdictions (3,22)	Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes	0% non-cooperative jurisdictions
	Average rule of law score (3,24)	Measure of the level of corruption, lack of fundamental rights, and the deficiencies in civil and criminal justice using a quantitative indicator.	0.25 average rule of law score

2. DESCRIPTION OF THE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

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 Danske Invest Management’s investments as defined by principal adverse impact indicators. Sustainability factors include environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters. Danske Invest Management works from the belief that by measuring and reporting the principal adverse impacts of our investments, we are best positioned to monitor and steer the overall sustainability performance of our funds. Danske Invest Management aims to ensure that the impacts are managed in accordance with the expectations and the needs of our customers. This means that we prioritise the management of our principal adverse impacts according to their materiality and type, in line with our commitments and the strategies of the funds that we manage.

In addressing the impacts, Danske Invest Management as an asset manager and our appointed investment managers have three main tools at disposal: 1) Inclusion of investments, 2) Exclusion of investments and 3) Active Ownership¹. The criteria and frameworks relating to these key processes are outlined in our Inclusion Instruction, Exclusion Instruction and Active Ownership Policy published at: https://www.danskeinvest.dk/page/ansvarlige_investeringer_indblik. For further information, see the “actions taken” in the section below.

2.1. Measured and reported principal adverse impacts

With this statement, Danske Invest Management reports the principal adverse impacts of our investments on sustainability factors in accordance with Article 4 of Regulation (EU) 2019/2088 on sustainability-related information in the financial sector (“SFDR”). The report covers 16 mandatory principal adverse impact indicators (“PAI indicators”) (as set out in Table 1 of Annex I, Table 1, No. 1-16, of the Commission Delegated Act (EU) 2022/1288) as well as the following six additional PAI indicators selected by Danske Invest Management:

- Investments in companies without carbon emission reduction initiatives (indicator 2,4)
- Insufficient whistleblower protection (indicator 3,6)
- Lack of a human rights policy (indicator 3,9)
- Average corruption score (indicator 3,21)
- Non-cooperative tax jurisdictions (indicator 3,22)
- Average rule of law score (indicator 3,24)

We report our principal adverse impacts against the PAI indicators as an average for the reference period. The PAI indicators are linked to different assets with some indicators only relevant for investee companies, some for sovereigns and supranationals, and some for real estate assets. The impacts are measured against assets under management (AuM) by Danske Invest Management. This means that the reported impacts are based on the total value of Danske Invest Management’s investments in securities and financial contracts made as part of our fund management activities. For the year 2023, the average total value of Danske Invest Management’s AuM (all investments) applied for the calculation of principal adverse impacts was around 65 EUR bn².

For further information on the measured impacts, see the “impacts” column in the table below. Information

¹ Whether and how an inclusions, exclusions and active ownership are applied in the management of a fund may be dependent on the strategy of the given fund as further described in the pre-contractual disclosures of that product. For those funds that consider principal adverse impacts of investments on sustainability factors, impacts are managed through exclusions and active ownership activities. This may be supplemented by inclusion criteria that further addresses specific principal adverse impacts.

² When a fund-of-funds is invested into another fund managed by Danske Invest Management, only the positions of the underlying fund are counted into the calculation.

on how to understand the scale of the reported impacts is available in a PAI Reading Guide through this link: <https://danskebank.com/sustainability/publications-and-policies/sustainability-related-disclosures>

Table 1: Indicators applicable to investments in investee companies

Adverse Sustainability indicator	Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken and actions planned and targets set for the next reference period	
Climate and other environment related indicators						
GHG Emissions	GHG Emissions (1,1)	Scope 1 GHG Emissions	1,350,779 tCO2e (72%)	1,307,685 tCO2e (70%)	<p>Calculation: GHG emissions are calculated as Scope 1, Scope 2, Scope 3 emissions in investee companies expressed in tons of CO2 equivalent. The calculation is done by calculating the share of our investment in the investee company in relation to enterprise value which is then multiplied with the company's emissions and aggregated for all investments.</p> <p>Investment and data coverage: Eligible investments made up 84% of all investments. Of these eligible investments, data coverage was 84% which is approximately 71% of all investments.</p> <p>Data assumptions and quality: The data used is based on company- as well as estimated numbers from ISS ESG. Where GHG emission data were not available on an investee company through reported figures and/or information received from ISS ESG no further assumptions have been applied on the data. Given the lack of company disclosures, Scope 3 GHG emissions are subject to more estimations than Scope 1 and 2. Significant uncertainties therefore exist in relation to data reliability for Scope 3, which is also subject to high volatility impacting the reported impacts.</p> <p>Severity of impacts: Anthropogenic (man-made) emissions contribute to global warming. Once emitted, emissions stay in the atmosphere. The emissions occur continuously and the probability of occurrence is thus to be regarded as certain. Given the effects of global warming on the environment and societies, emissions are considered severe. Given the lack of carbon capture technologies, emissions are considered irremediable.</p>	<p>Company commitment: Through the commitments of Danske Bank A/S ("Danske Bank") under the Net Zero Asset Manager's Initiative, Danske Invest Management is committed to contribute to the goals of the Paris Agreement and to achieve Net Zero Carbon emissions by 2050. A Net Zero Roadmap with interim AuM carbon reduction targets for 2025 and 2030 have been published for Danske Bank Asset Management, including funds managed by Danske Invest Management. The Net Zero Roadmap cover among others Science Based Targets initiative (SBTi) based temperature rating targets for listed equities and credits to further guide climate efforts and enhance transparency on progress towards becoming net zero. The progress and actions taken to address these targets are reported in the Climate Action Plan Progress Report for 2023 for Danske Bank, available through below link: https://danskebank.com/sustainability/publications-and-policies/sustainability-related-disclosures</p> <p>While the Climate Action Plan Progress Report outlines actions assumed by Danske Bank to address the severity of this indicator the impacts demonstrated in the report, may vary from what is reported in this statement as a result of the number of assets in scope.</p>
		Scope 2 GHG Emissions	363,831 tCO2e (72%)	358,987 tCO2e (70%)		
		Scope 3 GHG Emissions	15,975,011 tCO2e (72%)	13,686,194 tCO2e (70%)		
		Total GHG emissions	17,689,621 tCO2e (72%)	15,422,955 tCO2e (70%)		

Table 1: Indicators applicable to investments in investee companies

Adverse Sustainability indicator	Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken and actions planned and targets set for the next reference period
Climate and other environment related indicators					
	Carbon footprint (1,2)	Carbon Foot print 323tCO2e/m€ invested (71%)	309 tCO2e/m€ invested (70%)	<p>Calculation: Carbon footprint is calculated as the total GHG emissions (Scope 1, 2, & 3) expressed as a ratio for all investments meaning that “Per million EUR in vested” is calculated by dividing the sum of emissions by total value of all our investments.</p> <p>Investment and data coverage: Eligible investments made up 84% of all investments. Of these eligible investments data coverage was 84%, which is approximately 71% of all investments.</p> <p>Data assumptions and quality: The data used is based on company- as well as estimated numbers from ISS ESG. Where carbon emission data were not available on an investee company through reported figures and/or information received from ISS ESG it has effectively been assumed that investee companies without data have the carbon footprint of the investee companies with data. For further information see indicator 1.</p>	<p>Inclusions: Selected funds apply inclusion criteria set out in the Inclusion Instruction, including climate-related inclusions. In 2023 a new private equity fund, was launched for Danske Invest with inclusion criteria tied to renewable energy generation and reduction of green house gas emissions. Also, Danske Invest Management manages a number of funds following a Paris-Aligned Benchmark (PAB) or Climate Transition Benchmark (CTB). Further information on these inclusion criteria and other criteria tied to climate is available in our Inclusion Instruction.</p> <p>Active Ownership: Active ownership activities were governed under our Active Ownership Policy and Danske Bank guidelines on voting (the “Voting Guidelines”). During 2023, more than 300 company engagements were logged in relation to the theme of climate and environment. Adverse sustainability impact indicators may however have been engaged with broader engagement activities. Multiple topics may have been discussed in a single engagement interaction. Reference is also made to our Active Ownership Report for 2023 available at: https://www.danskeinvest.dk/page/ansvarlige_investeringer_indblik</p> <p>For voting, it follows from the Voting Guidelines that we generally support reasonable shareholder proposals relating to management of climate transition risks. This can be done e.g. by supporting proposals related to climate risks or by</p>
	GHG Intensity of investee compa (1,3)	GHG Intensity of investee companies 960 tCO2e/m m€ of revenue (71%)	1010 tCO2e / m€ of revenue (70%)	<p>Calculation: GHG Intensity is calculated as the total GHG Intensity (Scope 1, 2 & 3) for all investments, by aggregating the GHG intensity of all investee companies (i.e., GHG emissions in metric tonnes per million EUR revenue), with each weighted by the relative share of the respective investment in the overall investment portfolio of our managed funds.</p> <p>Investment and data coverage: Eligible investments made up 84% of all investments. Of these eligible investments data coverage was 84%, which is approximately 71% of all investments.</p> <p>Data assumptions and quality: The data used is based on company- and estimated numbers from ISS ESG. Where GHG Intensity data were not available on an investee company through reported figures and/or information received from ISS ESG it has effectively been assumed that investee companies without data have the GHG Intensity of the investee companies with data. For further information see indicator 1.</p>	

Table 1: Indicators applicable to investments in investee companies

Adverse Sustainability indicator	Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken and actions planned and targets set for the next reference period
Climate and other environment related indicators					
Exposure to companies active in the fossil fuel sector (1,4)	Share of investments in companies active in the fossil fuel sector	5% share of investments in companies active in the fossil fuels sector (71%)	4% share of investments in companies active in the fossil fuels sector (62%)	<p>Calculation: Share of investments in companies active in the fossil fuel sectors is calculated as the share of companies active in the fossil fuel sector against all investments.</p> <p>Investment and data coverage: Eligible investments made up 84% of all investments. Of these eligible investments data coverage was 84%, which is approximately 71% for all investments.</p> <p>Data assumptions and quality: The data used is based on companies' business activities/operations and is subject to a low degree of estimations. Investments for which such data was not available were considered as companies without exposure to the fossil fuel sector.</p> <p>Severity of impacts: Fossil fuel companies are the main contributors to climate change. Investee companies active in the fossil fuel sector, generally, have fossil-related activities as their core business activity and the probability of occurrence is thus regarded as certain. Given the effects of global warming on the environment and societies, fossil fuel involvement effects are considered to be severe. Given the lack of carbon capture technologies, emissions are considered irremediable.</p>	<p>voting against weak transition plans presented by the board.</p> <p>Exclusions: The majority of our managed funds have base (firm wide) exclusions on thermal coal, tar sands and peat-fired power generation as governed under our Exclusion Instruction. Further, climate considerations are at focus in the proprietary Enhanced Sustainability Standard Screening undertaken by Danske Bank on our behalf. As an average for the year, 362 companies have been on the thermal coal exclusion list, 22 companies for tar sands, 0 companies for peatfired power generation. Under the Enhanced Sustainability Standards Screening, 62 companies have been on the exclusion list for being identified to have high climate change contribution and 36 companies for harmful environmental practices. In addition, certain funds have had extended exclusions relating to fossil fuel exclusions. For companies having significantly weak performance on indicators tied to GHG emissions, pre-trade warnings have been set up for a vast part of our funds in relation to investments into these companies.</p>
	Share of non-renewable energy consumption and production (1,5)	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	<p>Non-renewable energy consumption: 57% share (31%)</p> <p>Non-renewable energy production: 1% share (69%)</p>	<p>Non-renewable energy consumption: 66% share (27%)</p> <p>Non-renewable energy production: 1% share (68%)</p>	<p>Calculation: The impacts are calculated by aggregating the percentage of non-renewable energy consumption and production (i.e., non renewable energy sources divided by total energy sources) of investee companies, with each such percentage weighted by the relative share of the relevant investment.</p> <p>Investment and data coverage: Eligible investments made up 84% of all investments. Of these eligible investments data coverage was 37% on non renewable energy consumption and 82% for non-renewable energy production, which is around 31% and 69%, respectively, of all investments.</p>

Table 1: Indicators applicable to investments in investee companies

Adverse Sustainability indicator	Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken and actions planned and targets set for the next reference period
Climate and other environment related indicators					
				<p>Data assumptions and quality: The data used is primarily based on company disclosures but with certain estimations applied by ISS ESG. Where data was not available on an investee company through reported figures and/or information received from ISS ESG, the weighted average percentage of non-renewable energy consumption and production of the investee companies with available data has been applied.</p> <p>Severity of impacts: Non-renewable energy consumption and production are core drivers of climate change. As companies are directly confirming their consumption and production of non-renewable energy, the probability of occurrence is to be regarded as certain. Given the effects of global warming on the environment and societies, non-renewable energy consumption and production is considered severe. Given the lack of carbon-capture technologies, emissions are considered irremediable.</p>	<p>available in the Danske Bank Group's Position Statement on Fossil Fuels dated February 2024 and published on: https://danskebank.com/sustainability</p>
	<p>Energy consumption intensity per high impact climate sector (1,6)</p>	<p>Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (6)</p>	<p>A: Agriculture forestry and fishing: 0.2 GWh / m€ of revenue</p> <p>B: Mining and quarrying: 0.7 GWh / m€ of revenue</p> <p>C: Manufacturing: 0.3 GWh / m€ of revenue</p> <p>D: Electricity gas steam and air conditioning supply: 1.60 GWh / m€ of revenue</p> <p>E: Water supply, sewerage, waste management and remediation activities: 0.5 GWh/m€ of revenue</p> <p>F: Construction: 2 GWh / m€ of revenue</p>	<p>A: Agriculture forestry and fishing: 0.2 GWh / m€ of revenue</p> <p>B: Mining and quarrying: 0.6 GWh / m€ of revenue</p> <p>C: Manufacturing: 0.3 GWh / m€ of revenue</p> <p>D: Electricity gas steam and air conditioning supply: 1.9 GWh / m€ of revenue</p> <p>E: Water supply, sewerage, waste management and remediations activities: 0.4 GWh/m€ of revenue</p> <p>F: Construction: 0.0 GWh / m€ of revenue</p> <p>Calculation: The impacts are calculated by aggregating for each high impact climate sector (categorized by NACE Level 1) all relevant investee companies' energy consumption intensities, with each intensity weighted by the relative share of the relevant investment in the overall AUM of managed investments in that high impact climate sector.</p> <p>Investment and data coverage: Eligible investments made up 84% of all investments. Of these eligible investments data coverage was up to 40% depending on the sector.</p> <p>Data assumption and quality: The data used is based on company disclosed data. There is however a low degree of company disclosed numbers for this metric globally. Where data was not available on an investee company through reported figures and/or information received from ISS ESG no further assumptions have been applied on the data of the investee company.</p> <p>Severity of impacts: Companies active in high impact climate sectors generally have much higher</p>	

Table 1: Indicators applicable to investments in investee companies

Adverse Sustainability indicator		Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken and actions planned and targets set for the next reference period
Climate and other environment related indicators						
			<p>G: Wholesale and retail trade repair of motor vehicles and motor cycles: 0.2 GWh / m€ of revenue</p> <p>H: Transportation and storage: 42 GWh / m€ of revenue</p> <p>L: Real estate activities: 0.1 GWh / m€ of revenue</p>	<p>G: Wholesale and retail trade repair of motor vehicles and motor cycles: 0.5 GWh / m€ of revenue</p> <p>H: Transportation and storage: 1.1 GWh / m€ of revenue</p> <p>L: Real estate activities: 0.0 GWh/m€ of revenue</p>	<p>emission profile compared to companies in other sectors. Anthropogenic (man-made) emissions contribute to global warming. Once emitted, emissions stay in the atmosphere. The emissions occur continuously and the probability of occurrence is thus to be regarded as certain. Given the effects of global warming on the environment and societies, emissions are considered severe. Given the lack of carbon capture technologies, emissions are considered irremediable.</p>	
Biodiversity	Activities negatively affecting biodiversity-sensitive areas (1,7)	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	0.01% with negative impact on biodiversity (71%)	0.02% with negative impact on biodiversity (70%)	<p>Calculation: The impacts are calculated as the share of investments in companies with activities negatively affecting biodiversity sensitive areas in relation to all investments managed by Danske Invest Management.</p> <p>Investment and data coverage: Eligible investments made up 84% of all investments. Of these eligible investments data coverage was 84%, which is approximately 71% coverage of all investments.</p> <p>Data assumption and quality: The data used is based on companies that have been linked/identified to having caused negative impacts on biodiversity-sensitive area as identified through company reported data or assessments made by ISS ESG. Investments for which data was not available was considered as companies without activities negatively affecting biodiversity-sensitive areas. Therefore, there can be companies causing negative impacts that have not been identified and thus reported, or ambiguity concerning the effects. As such, there is a degree of uncertainty in the data.</p> <p>Severity of impacts: Negative impacts on biodiversity-sensitive areas carries multiple effects, incl. the planet's reduced capacity to sequester carbon, and harm to local wildlife and</p>	<p>Company commitment: Through Danske Bank, Danske Invest Management adheres to the Partnership for Biodiversity Accounting Financials (PBAF) and the Finance for Biodiversity Pledge. Both initiatives enable measurements, and in the long term, concrete target setting for impact and dependencies on biodiversity.</p> <p>Active Ownership: During 2023, several company engagements related to biodiversity impacts were logged. The Voting Guidelines outline expectations on companies to have company reporting on biodiversity topics such as ecosystem preservation practices, natural species and protected areas, and deforestation.</p> <p>Exclusions: In the year 2023, 48 companies have been on the Exclusion List due to activities negatively affecting biodiversity under the Enhanced Sustainability Standards Screening. For companies having significantly weak performance on indicators tied to biodiversity. Pre-trade warnings have been set up for a vast part of our managed funds in relation to investments into these companies.</p>

Table 1: Indicators applicable to investments in investee companies

Adverse Sustainability indicator	Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken and actions planned and targets set for the next reference period	
Climate and other environment related indicators						
					<p>fauna (in some cases red listed). As such, the effects are to be considered severe. As the data used is based on companies that have been found to cause negative impacts on biodiversity, the probability of occurrence is to be regarded as certain. Certain negative biodiversity impacts can be remediated over time, but the direct and immediate effects are considered to be irremediable.</p>	<p>Planned actions for year 2024: Further works towards concrete target setting and reporting relating biodiversity in relation to our funds are expected through the works of Danske Bank as our investment manager.</p>
Water	Emissions to water (1,8)	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average.	0.005 tons/m€ invested (3%)	0 tons/ m€ invested (3%)	<p>Calculation: The impacts are calculated by dividing the sum of all emissions to water (in tonnes) of managed investments in million EUR.</p> <p>Investment and data coverage: Eligible investments made up 84% of all investments. Of these eligible investments data coverage was close to 4%, which is around 3% coverage for all investments.</p> <p>Data assumption and quality: The data used is based on company disclosures and is thus subject to a low degree of estimations. Company disclosure however remains low and thus data coverage is low. Metric used is chemical oxygen demand (COD), a commonly used indicator measuring emissions to water, which should be regarded as proxy data. Investments for which data was not available was considered as companies without emissions.</p> <p>Severity of impacts: Emissions to water can flow back to the ecosystem without having been properly treated and thereby causing harm. As the data is based on company reported figures the probability of occurrence is to be regarded as certain. As the data neither captures regional requirements nor whether the water has been treated prior to discharging, the severity is regarded as medium.</p>	<p>Active Ownership: As reported in the Active Ownership Report more than 20 engagements have been logged on the topic emissions to water. In the Voting Guidelines it is outlined that proposals in relation to supply chain water risk and performance of water risk assessments in general are supported.</p> <p>Exclusions: 17 companies with controversies tied to water pollution have been on the Exclusion List during year 2023. For companies having significantly weak performance on indicators tied to emissions to water pre-trade warnings have been set up for a vast part of our managed funds in relation to investments into these companies.</p> <p>Planned actions for year 2024: At the time of the publication of this document, no specific actions have been planned.</p>

Table 1: Indicators applicable to investments in investee companies

Adverse Sustainability indicator	Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken and actions planned and targets set for the next reference period	
Climate and other environment related indicators						
Waste	Hazardous waste and radioactive waste ratio (1,9)	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	10 tons/m€ invested (11%)	57 tons/m€ invested (9%)	<p>Calculation: The impacts are calculated by dividing the sum of all hazardous waste/radioactive waste (in tonnes) of investments managed in million EUR.</p> <p>Investment and data coverage: Eligible investments made up 84% of all investments. Of these eligible investments, data coverage was 14%, which is around 11% coverage for all investments.</p> <p>Data assumption and quality: The data used is based on company reported hazardous waste numbers, relying on companies' own definitions. The data should thus be regarded as proxy data. Further company disclosure remains low and thus data coverage is low. Investments for which data was not available were considered as companies without hazardous waste / radioactive waste. Low data coverage implies that the indicator is sensitive to single investments with attributed large impacts. This is the main driver to the substantial decrease of the reported impacts from 2022 to 2023.</p> <p>Severity of impacts: Hazardous waste has properties that make it dangerous or capable of having a harmful effect on human health or the environment. As the data is based on company reported figures the probability of occurrence is to be regarded as certain. As the data doesn't reflect whether the waste has been safely/adequately disposed/stored, the severity is regarded as medium. In general, hazardous waste regulations require safe disposal and hence the effects are considered to be irremediable.</p>	<p>Exclusions: For companies having significantly weak performance on indicators tied to hazardous waste, pre-trade warnings have been set up for a vast part of our managed funds in relation to investments into these companies.</p> <p>Planned actions for year 2024: At the time of the publication of this document, no specific actions have been planned.</p>

Table 1: Indicators applicable to investments in investee companies

Adverse Sustainability indicator	Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken and actions planned and targets set for the next reference period	
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
Social and employee matters	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (1,10)	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.03% involved in violations (84%)	0.05% involved in violations (91%)	<p>Calculation: The impacts are calculated as the share of investments in investee companies with involvement in violations of UN Global Compact (UNGC) principles or OECD Guidelines for Multinational Enterprises in relation to all investments managed by Danske Invest Management.</p> <p>Investment and data coverage: Eligible investments made up 84% of all investments. All investments have been subject to the Enhanced Sustainability Standards Screening process, meaning that data coverage for these investments was 100%.</p> <p>Data assumption and quality: Data used for the reported impacts is based on companies that have been linked/identified to have violated the minimum social safeguards of UNGC principles and/or OECD Guidelines through our Enhanced Sustainability Standards Screening. As there can be companies violating UNGC principles/OECD guidelines that have not yet been identified/reported, there is a degree of uncertainty in the data.</p> <p>Severity of impacts: Companies that violate the principles/guidelines laid out in the UNGC and OECD can have negative effects across multiple environmental and social areas. Whilst the scope and nature of violations can differ, violations are in general regarded as severe. As violations concerns incidents that have been reported/identified, the probability of occurrence is regarded as certain. Depending on the scope and nature of the violation, companies that have been found to violate UNGC principles and/or OECD Guidelines generally have an opportunity to remediate the situation.</p>	<p>Company commitment: Danske Bank's Group Position Statement on Human Rights outlines also Danske Invest Management's approach towards the companies we invest in, emphasising respect for international standards such as the UNGC principles and the OECD Guidelines for Multinational Enterprises.</p> <p>Further information on firm level actions taken and processes in place is available in the Human Rights Report 2023 for Danske Bank published with the Position Statement on https://danskebank.com/sustainability.</p> <p>Active Ownership: During 2023 engagements with several companies were logged in relation to allegations of violations of UNGC principles and/or OECD Guidelines.</p> <p>Exclusions: On the Exclusion List relating to the Enhanced Sustainability Standards Screening, 234 companies (excl. Russia related companies) have been identified to have significant violations of the UNGC principles and Organisation for Economic Cooperation and/or OECD Guidelines for Multinational Enterprises. As a result of the Russian invasion of Ukraine, Russian state-owned/affiliated companies have been excluded from Danske Invest funds. This meant that a total of 475 investee companies have been excluded. For companies having significantly weak performance on indicators tied to human rights, pre-trade warnings have been set up</p>

Table 1: Indicators applicable to investments in investee companies

Adverse Sustainability indicator	Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken and actions planned and targets set for the next reference period
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters					
					<p>for a vast part of our managed funds in relation to investments into these companies</p> <p>Planned actions for year 2024: Continuing enhancements will be done in relation to screenings and methodologies on human rights impacts and risks for our funds.</p>
<p>Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (1,11)</p>	<p>Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises</p>	<p>13% share of investments (69%)</p>	<p>13% share of investments (67%)</p>	<p>Calculation: The impacts are calculated as the share of investments in investee companies which lack processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises in relation to all investments managed by Danske Invest Management.</p> <p>Investment and data coverage: Eligible investments made up 84% of all investments. Of these eligible investments data coverage was 81%, which is around 69% coverage for all investments.</p> <p>Data assumption and quality: Data used for the reported impacts demonstrate companies that lack policies, or grievance/complaints handling mechanisms to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises. As the data is based on companies' existing policies, the data is subject to a low degree of estimations. Interpretations of what are adequate policies/grievance mechanisms may however differ. Investments for which such data was not available were considered as not lacking processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines</p> <p>Severity of impacts: Given that data is based on companies current disclosures, the probability of occurrence is regarded as certain. Given that companies without policies may not necessarily find</p>	<p>See comments provided to indicator 10 above. For Active Ownership, more than 100 engagements have been logged in respect to lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises.</p>

Table 1: Indicators applicable to investments in investee companies

Adverse Sustainability indicator	Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken and actions planned and targets set for the next reference period	
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
					<p>themselves in non-compliance with UNGC principles/OECD guidelines, the severity is regarded as medium. The effects are considered remediable.</p>	
Unadjusted gender pay gap (1,12)	Average unadjusted gender pay gap of investee companies	4% pay gap (5%)	9% pay gap (7%)	<p>Calculation: The impacts are calculated by aggregating the unadjusted gender pay gap of investee companies, with each gender pay gap weighted by the share of the relevant investment in the overall portfolio of investments managed by Danske Invest Management.</p> <p>Investment and data coverage: Eligible investments made up 84% of all investments. Of these eligible investments data coverage was 6%, which is around 5% coverage for all investments.</p> <p>Data assumption and quality: Data used for the reported impacts is based on company disclosures and hence no estimations are used. As there is a limited number of companies disclosing relevant data, coverage is low. For investee companies without gender pay gap data, the weighted average unadjusted gender pay gap of investee companies with data was applied.</p> <p>Severity of impacts: The gender pay gap includes pay discrimination where women earn less than men for doing equal work or work of equal value. The effects are considered to be severe, as it e.g. can lead to lower retirement and quality of life for women. As the data is based on company disclosed numbers, the probability of occurrence is regarded as certain. Companies have a possibility to remediate gender pay gaps, but this will not help women that have been part of the work-force/affected in the past.</p>	<p>Active Ownership: More than 11 engagements were logged on unadjusted gender pay gap for year 2023. According to the Voting Guidelines, voting may be done in favor of shareholder proposals aiming to increase disclosure regarding the gender pay gap ratio and measures taken to promote gender equality. In addition, if overall reporting is not seen as sufficient, a proposal requesting for the company to report in line with best practice may be supported.</p> <p>Exclusions: For companies having significantly weak performance on indicators tied to unadjusted gender pay gap, pre-trade warnings have been set up for a vast part of our managed funds in relation to investments into these companies</p> <p>Planned actions for year 2024: At the time of the publication of this document no specific actions have been planned.</p>	

Table 1: Indicators applicable to investments in investee companies

Adverse Sustainability indicator	Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken and actions planned and targets set for the next reference period	
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
	<p>Board gender diversity (1,13)</p>	<p>Average ratio of female to male board members in investee companies, expressed as a percentage of all board members</p>	<p>30% ratio (female directors/total directors) (68%)</p>	<p>31% ratio (female directors/total directors) (43%)</p>	<p>Calculation: The impacts are calculated as the percentage of female to all board members of an investee company. The weighted average board gender diversity is calculated by aggregating the board gender diversity of all investee companies, with each such diversity weighted by the relative share of the relevant investment in the overall AUM of investments managed by Danske Invest Management.</p> <p>Investment and data coverage: Eligible investments made up 84% of all investments. Of these eligible investments data coverage was 80%, which is around 68% coverage for all investments.</p> <p>Data assumption and quality: Data used for the reported impacts is based on companies' board composition and hence not subject to any data estimations/proxies. For investee companies without board gender diversity data, the weighted average board gender diversity of investee companies with data was applied.</p> <p>Severity of impacts: There exist barriers to gender equality in leadership and board compositions, leading to negative effects on board dynamics and governance. It also leads to unfair discrimination of women that have the right credentials but that are neglected from board positions. As such, the issue is regarded as severe. As the data is based on a company's reported board compositions, the probability of occurrence is regarded as certain. Companies have a possibility to improve/remediate the gender balance in their boards.</p>	<p>Active Ownership: As set-out in the Voting Guidelines, companies should recognise and strive for equal gender representation at Board and executive level. In mature markets, it is expected 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, there is an expectation of at least one shareholder-elected director of the underrepresented gender. Recognising that these expectations may lead market norms and practices, voting and engagement may be used as a means to support companies in achieving these objectives.</p> <p>Exclusions: For companies having significantly weak performance on indicators tied to board gender diversity have been set up for a vast part of our funds in relation to investments into these companies.</p> <p>Planned actions for year 2024: At the time of the publication of this document, no specific actions have been planned.</p>

Table 1: Indicators applicable to investments in investee companies

Adverse Sustainability indicator	Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken and actions planned and targets set for the next reference period
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters					
<p>Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)</p> <p>[1,14]</p>	<p>Share of investments in investee companies involved in the manufacture or selling of controversial weapons</p>	<p>0% involvement (71%)</p>	<p>0% involvement (70%)</p>	<p>Calculation: The impacts are calculated as the share of investments in investee companies with exposure to controversial weapons in relation to all investments managed by Danske Invest Management</p> <p>Investment and data coverage: Eligible investments made up 84% of all investments. Of these eligible investments data coverage was 84%, which is around 71% coverage for all investments</p> <p>Data assumption and quality: Data used for the reported impacts is based on company reports, or government sources, confirming involvement in controversial weapons. Where such data was not available, investments were considered as not having exposure to controversial weapons.</p> <p>Severity of impacts: The weapons are considered controversial as their production and use are assessed to conflict with the prohibitions set out in international conventions and national financing prohibitions because of their discriminate effects and the disproportionate harm they cause. Whilst the weapons might not be used in battle, the mere existence and potential use is regarded as severe. Given that data is based on confirmed company involvement, the probability of occurrence is regarded as certain. Given that the weapons have been produced, the effects are considered irremediable.</p>	<p>Company Commitment: For the listed companies our funds invest in, we rely on a screening performed by Danske Bank in collaboration with screening and research partners to make sure that they act in line with the following international principles and conventions in relation to controversial weapons:</p> <ul style="list-style-type: none"> • Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (The Ottawa Treaty) • Biological Weapons Convention • Chemical Weapons Convention • Convention on Cluster Munitions <p>We strive to maintain similar screens for non-listed investments e.g. externally managed private equity funds. Further information on our company commitments relating to arms & defence is available in Danske Bank's Group Position Statement on Arms & Defence published on https://danskebank.com/sustainability</p> <p>Exclusions: In 2023, 98 companies were on the Exclusion List due to identified involvement in controversial weapon activities.</p> <p>Planned actions for year 2024: At the time of the publication of this document, no specific actions have been planned.</p>

Table 1: Indicators applicable to investments in Sovereigns and Supranationals

Adverse Sustainability indicator		Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken and actions planned and targets set for the next reference period
Environmental	GHG intensity (1,15)	GHG intensity of investee countries	33 tCO ₂ e/m€ of country's GDP (11%)	37 tCO ₂ e/m€ of country's GDP (11%)	<p>Calculation: The impacts are calculated by aggregating the GHG intensity of all investee countries, with each intensity weighted by the relative share of the relevant investment in the overall AUM of investments managed by Danske Invest Management.</p> <p>Investment and data coverage: Eligible investments made up 12% of all investments. Of these eligible investments data coverage was 95%, which is around 11% coverage for all investments</p> <p>Data assumption and quality: Data used for the reported impacts includes Scope 1, 2 and 3 emissions. This is not the traditional way sovereign emissions are accounted for and available data is limited in this regard. The data factor used provides information on "production emissions", using the same boundary setting as UN Framework Convention on Climate Change (UNFCCC). For investee countries without such data the weighed average GHG intensity of investee countries with emissions data was applied.</p> <p>Severity of impacts: Please refer to the severity of impacts outlined for indicator 1.</p>	<p>Company Commitment: Please see the "action taken" comments for indicators 1-6.</p> <p>Active Ownership: During 2023, more than 50 engagements with sovereigns or supranationals on climate related topics were logged.</p> <p>Exclusions: Danske Bank maintains as part of the Enhanced Sustainability Standards screening a Country Assessment that may lead to exclusions of sovereigns or supranationals for our funds due to their adverse sustainability impacts. The assessment framework includes the screening of a country's exposure to and management of among others GHG intensity. The screening framework is based on quantitative factors and a qualitative overlay and seeks to identify countries with severe underperformance. For further information, see the Enhanced Sustainability Standards Screening methodology paper, available at: https://danskebank.com/sustainability/publications-and-policies/sustainability-related-disclosures.</p> <p>Planned actions for year 2024: At the time of the publication of this document, no specific actions have been planned other than the introduction of a pre-trade warning enhancing the focus on these negative impacts.</p>

Table 1: Indicators applicable to investments in Sovereigns and Supranationals

Adverse Sustainability indicator		Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken and actions planned and targets set for the next reference period
Social	Investee countries subject to social violations (1,16)	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	<p>Absolute number: 61 investee countries subject to violations (11%)</p> <p>Relative number: 5% of investments</p>	<p>Absolute number: 58 investee countries subject to violations (12%)</p> <p>Relative number: 5% of investments</p>	<p>Calculation: The impacts are calculated as the absolute number of investee countries subject to social violations and the share of these investments in relation to all investments managed by Danske Invest Management.</p> <p>Investment and data coverage: Eligible investments made up 12% of all investments. Of these eligible investments data coverage was 95%, which is around 11% coverage for all investments</p> <p>Data assumption and quality: Data used for the reported impacts is linked to a spectrum of underlying social issues, including but not limited to freedom of speech and press concerns, death penalty status (e.g. USA), human rights concerns etc. Where data was not available, investments were considered as not subject to social violations</p> <p>Severity of impacts: Social violations are considered severe. Given that data is based on current/past performance on social criterion, the probability of occurrence is regarded as certain. Due to the (generally) large-scale implications of social violations the effects are viewed irremediable.</p>	<p>Company Commitment: Please see the Action Taken comments for indicator 10.</p> <p>Exclusions: As part of the Country Assessment (see indicator 1,15), a screening is performed for companies tied to social violations, e.g. through the topics of Freedom of assembly, Freedom of opinion and expression, Indigenous peoples' rights, Women's and girls' rights, Arbitrary arrest and detention, Extrajudicial or unlawful killings, Security forces and human rights, Torture and other illtreatment.</p> <p>Planned actions for year 2024: At the time of the publication of this document, no specific actions have been planned other than the introduction of a pre-trade warning enhancing the focus on these negative impacts.</p>

Table 1: Indicators applicable to investments in real estate

Fossil fuels	Exposure to fossil fuels through real estate assets (1,17)	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	N/A	Danske Invest Management does not manage funds with investments in real estate assets for our customers.
Energy efficiency	Exposure to energy-inefficient real estate assets (1,18)	Share of investments in energy-inefficient real estate assets	N/A	N/A	N/A	Danske Invest Management does not manage funds with investments in real estate assets for our customers.

Other indicators for principal adverse impacts on sustainability factors

Adverse Sustainability indicator	Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken and actions planned and targets set for the next reference period
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Table 2: Additional Indicators for Climate

Indicators applicable to investments in investee companies

Emissions	Investments in companies without carbon emission reduction initiatives (2,4)	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	41% without initiatives (71%)	53% without initiatives (69%)	<p>Calculation: The impacts are calculated as the share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement in relation to all investments managed by Danske Invest Management</p> <p>Investment and data coverage: Eligible investments made up 84% of all investments. Of these eligible investments data coverage was 84%, which is around 71% coverage for all investments.</p> <p>Data assumption and quality: Data used for the reported impacts is based on companies' disclosures. Where such information was not available, the weighted average percentage of companies without carbon emission reduction initiatives has been applied.</p> <p>Severity of impacts: Anthropogenic (man-made) emissions contribute to global warming. Once emitted, emissions stay in the atmosphere. Lack of carbon emission reduction initiatives is not necessarily equivalent to poor carbon performance/decarbonisation. The severity is thus considered as medium. The companies also have the possibility to implement adequate reduction initiatives and remediate the situation.</p> <p>Given that data is based on companies' current disclosures, probability of occurrence is considered as certain.</p>	See comments provided to "actions taken" in indicator 1-6.
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Other indicators for principal adverse impacts on sustainability factors

Adverse Sustainability indicator	Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken and actions planned and targets set for the next reference period
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Table 3: 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	Insufficient whistleblower protection (3,6)	Share of investments in entities without policies on the protection of whistleblowers	0.3% without policies (62%)	0.2% without policies (58%)	<p>Calculation: The impacts are calculated as the share of investments in investee companies without policies on whistleblower protection in relation to all investments managed by Danske Invest Management</p> <p>Investment and data coverage: Eligible investments made up 84% of all investments. Of these eligible investments data coverage was 74%, which is around 62% coverage for all investments</p> <p>Data assumption and quality: Data used does not only reflect the presence of policies on the protection of whistleblowers. Where such information was not available, the weighted average percentage of companies without whistle blower protection policies initiatives has been applied.</p> <p>Severity of impacts: Companies with insufficient whistleblower protection are at risk of having individuals/businesses engaging in fraudulent/unethical behaviour where employees do not feel protected in reporting such conduct. The absence of whistleblower protection can lead to prolonged periods of corporate misconduct or personal consequences. Lack of whistleblower protection is not equivalent to exposure to activities that should have otherwise been reported through whistleblower channels. Hence severity is considered medium.</p>	<p>Active Ownership: Companies are expected to have adequate whistleblower protection policies. If that is not the case, or if there is reason to believe that these policies do not function as intended, suggestions to strengthen these policies are likely to be supported as per the Voting Guidelines.</p> <p>Exclusions: No companies have been excluded solely on the grounds of having no whistleblower policies. For companies having significantly weak performance on indicators relating to insufficient whistleblower protection pre-trade warnings have been set up for a vast part of our managed funds in relation to investments into these companies.</p> <p>Planned actions for year 2024: At the time of the publication of this document, no specific actions have been planned.</p>
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Other indicators for principal adverse impacts on sustainability factors

Adverse Sustainability indicator	Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken and actions planned and targets set for the next reference period
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Table 3: Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Indicators applicable to investments in investee companies

Human Rights	Lack of a human rights policy (3.9)	Share of investments in entities without a human rights policy	19% lacks a human rights policy (68%)	26% lacks a human rights policy (67%)	<p>Calculation: The impacts are calculated as the share of investments in investee companies without human rights policies in relation to all investments managed by Danske Invest Management</p> <p>Investment and data coverage: Eligible investments made up 84% of all investments. Of these eligible investments data coverage was 81%, which is around 68% coverage for all investments</p> <p>Data assumption and quality: The data used reflects companies lacking a human rights policy. The data does not require the policy to have been approved at board level and is hence a proxy. Where such information was not available, the weighted average percentage of companies without human rights policies has been applied.</p> <p>Severity of impact: Companies without a human rights policy are more at risk of contributing to human rights violations. Lack of a human rights policy is however not equivalent to being involved in human rights violations, hence severity is considered medium. Given that data is based on companies' disclosures, the probability of occurrence is regarded as certain. Companies without a human rights policy have the possibility to implement relevant policies and remediate the situation</p>	<p>Company Commitment: Please see the "actions taken" comments for indicators 10-11.</p> <p>Active Ownership: Companies are expected to have a Human rights policy, containing a due diligence process to identify, prevent, mitigate and address adverse human rights impacts. The policy should reflect the contents of: The Universal Declaration of Human Rights; The ILO Declaration of Fundamental Principles of Rights at Work; The UN Guiding Principles on Business and Human Rights. If a company has not published a policy, or if there is reason to believe that the policy does not function as intended, proposals to strengthen the policy is likely to be supported per the Voting Guidelines.</p> <p>Planned actions for year 2024: At the time of the publication of this document, no specific actions have been planned.</p>
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Other indicators for principal adverse impacts on sustainability factors

Adverse Sustainability indicator	Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken and actions planned and targets set for next reference period
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Table 3: Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Indicators applicable to investments in sovereigns and supranationals

Governance	Average corruption score (3,21)	Measure of the perceived level of public sector corruption using a quantitative indicator explained in the explanation column	0.23 average corruption score (11%)	0.22 average corruption score (11%)	<p>Calculation: The impacts are calculated as the average corruption score of investments in investee countries in relation to all investments managed by Danske Invest Management</p> <p>Investment and data coverage: Eligible investments made up 12% of all investments. Of these eligible investments data coverage was 95%, which is around 11% coverage for all investments.</p> <p>Data assumption and quality: The data used is based on the degree to which corruption is perceived to exist among public officials and politicians measured by the Corruption Perception Index by Transparency International. This factor provides a rated entity's numeric grade from 1 (D-) to 4 (A+). Interpretations of the indicator may differ. For investments in investee countries without such information, the average score of the covered investments was applied.</p> <p>Severity of impact: Corruption can be defined as "the abuse of entrusted power for private gain". The suite of activities understood to be 'corrupt' varies, and can include for instance bribing public officials, embezzlement, and obstruction of justice. Given the scale of its detrimental effects, corruption is considered as severe. Given that the data is based on countries current historical performance on corruption issues, the probability of occurrence is deemed to be certain. Given the complexity and long timelines associated with "cleaning out" corruption, the effects are considered irremediable.</p>	<p>Exclusions: As part of the Country Assessment potentially leading to exclusions under the Enhanced Sustainability Standards Screening (see indicator 1,15), a screening is performed in relation to a country's corruption score. This governance criteria constitute a weight of around 13% of the overall score.</p> <p>Planned actions for year 2024: At the time of the publication of this document, no specific actions have been planned.</p>
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Other indicators for principal adverse impacts on sustainability factors

Adverse Sustainability indicator	Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken and actions planned and targets set for next reference period
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Table 3: Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Indicators applicable to investments in sovereigns and supranationals

Governance	Non-cooperative tax jurisdictions (3,22)	Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes	0% non-cooperative jurisdictions (11%)	0.04% non-cooperative jurisdictions (11%)	<p>Calculation: The impacts are calculated as the share of investments in non-cooperative investee countries for tax purposes in relation to investments managed by Danske Invest Management.</p> <p>Investment and data coverage: Eligible investments made up 12% of all investments. Of these eligible investments data coverage was 95%, which is around 11% coverage for all investments</p> <p>Data assumption and quality: Data is based on EU's list of non-cooperative jurisdictions for tax purposes and is thus not subject to any estimations.</p> <p>Severity of impacts: The EU list of non-cooperative jurisdictions for tax purposes is part of the EU's work to fight tax evasion and avoidance. It is composed of countries which have failed to fulfil their commitments to comply with tax good governance criteria. Given the global nature of unfair tax competition, the impacts are considered severe. The probability of occurrence is regarded as certain given the existence of EU's list. Given that countries can have contributed to negative tax effects for multiple years, the effects are considered irremediable.</p>	<p>Exclusions: As part of the Country Assessment potentially leading to exclusions under the Enhanced Sustainability Standards Screening (see indicator 1,15), sources such as the Financial Action Task Force (FATF) list of "High-risk and other monitored jurisdictions", "EU list of non-cooperative jurisdictions", "OECD Global Forum on Transparency and Exchange of Information for Tax Purposes - EOR" are considered. Any country listed on any of the three lists outlined above, that is not subject to exclusion, is placed on a watchlist.</p> <p>Planned actions for year 2024: At the time of the publication of this document, no specific actions have been planned.</p>

Other indicators for principal adverse impacts on sustainability factors

Adverse Sustainability indicator	Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken and actions planned and targets set for next reference period
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Table 3: Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Indicators applicable to investments in sovereigns and supranationals

	Average rule of law score (3,24)	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	0.25 average rule of law score (11%)	0.21 average rule of law score (11%)	<p>Calculation: The impacts are calculated as the average rule law score of investments in investee countries in relation to investments managed by Danske Invest Management</p> <p>Investment and data coverage: Eligible investments made up 12% of all investments. Of these eligible investments data coverage was 95%, which is around 11% coverage for all investments,</p> <p>Data assumption and quality: Data is based on a numerical score based on the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. Interpretations of the indicator may differ and should be regarded as a proxy. This factor provides a rated entity's numeric grade from 1 (D-) to 4 (A+). For investee countries not assigned an average rule of law score, the weighted average for the data covered countries was applied.</p> <p>Severity of impacts: Rule of law ensures that the political and judicial systems are predictable and act in the interest of society, fostering economic and social development. Given the large/societal-scale negative effects of failing of upholding the rule of law, the failure is regarded as severe. Given that data is based on current/past performance, the probability of occurrence is regarded as certain. Given the amount of people that have been affected by weak rule of law, and the challenges and timelines associated with implementing better practices, the effects are regarded as irremediable.</p>	<p>Exclusions: As part of the Country Assessment, potentially leading to exclusions under the Enhanced Sustainability Standards Screening, a country's rule of law score is screened. This governance criteria constitute a weight of around 13% of the overall score.</p> <p>Planned actions for year 2024: At the time of the publication of this document, no specific actions have been planned.</p>
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3. DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITISE PRINCIPAL ADVERSE IMPACT ON SUSTAINABILITY FACTORS

3.1. Governance and organisational framework

The Responsible Investment Policy of Danske Invest Management adopted by the Board of Directors on 22 February 2024 confirms and outlines our commitment to identify and prioritise principal adverse impacts on sustainability factors. The Responsible Investment Policy is subject to regular, not less than annual, reviews. In accordance with the delegation of investment management activities to Danske Bank, the policy is updated in cooperation with the Responsible Investment team, which include input from relevant functions within the investment managers organization, as well as input from 2nd line Risk Management and Compliance.

The Responsible Investment Policy and its commitments to identify and prioritise principal adverse impacts are further addressed in the Active Ownership Policy of Danske Invest Management and operationalised through underlying instructions and guidelines.

3.2. Methodologies

Principal adverse impacts are identified through screening of external impacts of an investee company's or sovereign's activities that may have significant negative effect on society and environment, as undertaken by the investment manager of the funds. The measurements of PAI indicators focus on the principal adverse impact indicators that always lead to principal adverse impacts and additional indicators that Danske Invest Management is considering, as outlined in this statement.

Subject to data availability, the selection of additional adverse impact indicators has followed the methodology/guiding principle of selecting the indicators which are deemed most relevant to consider based on the investment management philosophy, exposures as well as data quality.

The requirements to the screening and due diligence processes are defined centrally through the processes supporting Danske Invest Management's Exclusions, Inclusions and Active Ownership framework and can lead to prioritised actions in accordance with what has been set out in this statement. For instance, Danske Invest Management applies the Enhanced Sustainability Standards Screening maintained by Danske Bank as appointed investment manager through a proprietary model that supports exclusions of companies and other issuers that are engaged in activities and conduct harmful to society within our investment universe. The screening is conducted bi-annually unless prompted by other events and contains among others an 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 of Danske Bank is undertaken based on data from multiple sustainability data providers (ISS, MSCI, Sustainalytics), the investment teams, Danske Bank group position statements and as well as other relevant sources and stakeholders (e.g. NGOs).

More information on the Responsible Investment Policy and Active Ownership Policy of Danske Invest Management with the Inclusion Instruction, Exclusion Instruction, and information on excluded investments is available on: https://www.danskeinvest.dk/page/ansvarlige_investeringer_indblik

We also expect our investment managers to monitor and follow-up on the principal adverse impacts of the managed funds with relevant tools, knowledge, research, education and subject-matter expertise provided to the investment teams to support the due diligence processes. The due diligence process may be supported by trading/compliance platforms at our investment manager, Danske Bank, assisting portfolio managers in identifying investee companies with weak performance in relation to the PAI indicators. Essentially the trading platform will ensure that when a portfolio manager of an actively managed strategy is placing a trade for a security in an investee company that has been assessed as negatively performing on one or more principal adverse impact indicators, the portfolio manager will receive a warning to prompt further due diligence of the issuer. Funds applying pre-trade warnings on the PAI indicators are disclosing this in the prospectuses.

3.3. Dataset used for reporting and margin of error

Data sources used for the measurement and reporting on the PAI indicators are assessed by the Responsible Investment team in Danske Bank through a delegation by Danske Invest Management and the managed funds. The assessments include, but are not limited to, assessments on data coverage, data quality, methodology, costs, and other operational considerations.

No universally accepted framework (legal, regulatory, or others) currently exists in relation to sustainability-related data, information, and assessments. As a financial institution investing globally in different asset classes, we expect our investment managers, to the extent possible, to leverage primary reported data and information. Where such is not available, best efforts are made to obtain data, including data estimates, information, and assessments through third-party providers or directly from investee companies, and/or by carrying out additional research or making own reasonable assumptions/estimations.

Sustainability-related data, information, and assessments are therefore not comparable to that of financial information. This implies a risk of misrepresentation of data on sustainability-dimensions or impacts associated to an investment. Despite diligent due diligence in the onboarding of data and other resource and cost proportional considerations in place to ensure the accuracy, completeness, and reliability of the data, it is not possible to verify nor guarantee, directly or indirectly, the complete correctness of the underlying data. Therefore, a certain margin of error is generally to be expected in relation to ESG data.

At this point in time, it is difficult to assess the general magnitude of the margin of error in respect to the reported impacts in this report, but it is expected to be substantial. Indicators with low coverage are also more vulnerable to outliers, which will affect calculations where companies with coverage are used as proxies for companies without coverage. Due to the uncertainty and volatility related to scope 3 emissions, all indicators which include scope 3 emissions do have some uncertainty connected to them. In general, scope 3 emissions account for 70-80 percent of the total emissions. We do expect the quality of scope 3 emissions to increase in the coming years, however the maturity level makes it currently challenging to compare one reference period to the next. Reference is also made to the descriptions outlined in the PAI table. As corporate disclosures are expected to improve and increase over time, we also expect the margin of error to be reduced in time.

In general, we rely on one vendor, ISS ESG, in relation to the reporting. The selection was performed through our investment manager, Danske Bank, on basis of a thorough due diligence process, meaning that dimensions such as models used, data coverage and alignment of the definitions outlined in SFDR have been scrutinised. ISS ESG do not primarily estimate any company performance, except for emissions related data. More information on ISS' methodology (ISS ESG SFDR Principal Adverse Impact Solution – Data Dictionary) is available through ISS ESG.

In utilising ISS ESG as vendor, no direct collection of data is in overall done from the companies or issuers that we invest into. Engagements are held with ISS ESG in cases where data appears incorrect or if there are significant data gaps. For calculations requiring an average, these averages are based on holdings with coverage. It is effectively assumed that all investee companies without coverage data have the weighted average of the companies with data coverage.

As of June 2024, ISS ESG had data coverage for up to 8,000 issuers for corporate principal adverse impacts, up to 26,000 issuers for corporate controversy linked principal adverse impacts, 28,500 issuers for controversial weapons and up to 190 countries for sovereign and supranational assets. The data coverage on individual principal adverse impacts may vary greatly, depending on the quality of the corporate disclosures.

During year 2023, further enhancements have been done to the IT-infrastructure supporting the measurement and reporting of this statement. These enhancements among others enable look-through for an increased number of external funds that form part of the investment portfolios of our managed funds. The look-through has resulted in better data coverage for the PAI measurements and led to some mitigation of the margin of error for year 2022.

The alternative investment universe is challenged by lack of data in respect to sustainability dimensions such as the PAI indicators. To mitigate potential data gaps, Danske Invest Management relies on processes developed within Danske Bank on the collection of data from external managers, with this also being a key priority for the year 2024.

Derivatives are captured by the principal adverse impacts reporting but challenged in respect to mapping of the impacts of the underlying instrument to the derivative. For security lending and single CFD (Contracts for Difference) instruments, PAI impacts have been calculated for the underlying instrument (subject to

data availability). For future measurements and reporting, we will strive to further extend PAI impact measurements and reporting to other derivative types.

3.4. Engagement policies

In Danske Invest Management, the approach to active ownership is governed through the Active Ownership Policy. As stated in the Active Ownership Policy, Danske Invest Management may use active ownership to influence the impact that issuers' 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 Danske Invest Management as part of the Danske Bank Group is committed to.

The framework and infrastructure leveraged for the management of the funds support relevant considerations of principal adverse impacts on sustainability factors. Further, we expect that the measurements and ongoing monitoring of the principal adverse impacts reported in the PAI Table will even further strengthen our approach to active ownership in respect to the principal adverse impacts and trigger relevant actions through our investment managers.

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 managing our funds engage 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/or 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 expect the investment teams to 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, we expect investment teams to 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.

With Danske Invest Management being part of the Danske Bank Group and having our investment activities generally delegated to Danske Bank, our funds are covered by several investor initiatives and collaborations with a range of other relevant stakeholders. By doing this, the 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 Danske Bank 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 efforts to support and influence companies to address business-critical aspects. In general, voting is delegated to Danske Bank and covered by voting guidelines for Danske Bank (i.e. the Voting Guidelines). On behalf of the funds votes are made 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, the goal is 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 the voting guidelines can be found on our homepage.

Find more information in our Active Ownership Policy on:

https://www.danskeinvest.dk/page/ansvarlige_investeringer_indblik

Find more information on the Voting Guidelines and Engagement Guidelines on:

<https://danskebank.com/sustainability/publications-and-policies/sustainability-related-disclosures>

3.5. References to international standards

Danske Invest Management prioritises the management of principal adverse impacts in accordance with the approach set out in Danske Bank Group's position statements and other sustainability-related strategies and commitments undertaken by Danske Bank. Our firm-level approach is thus aligned with the commitments undertaken by Danske Bank in relation to international standards. This includes but is not limited to the following international standards and commitments, mapped to the respective PAI indicators used for measurement and reporting:

Climate and GHG emissions - PAI indicator 1-6 (Table 1) and PAI indicator 4 (Table 2)

The ambition of Danske Bank is to contribute to the transition to a carbon-neutral society and invest in line with the Paris Agreement's goal of limiting global temperature rise to a maximum of 1.5°C. Through the membership of global investor initiative Net Zero Asset Managers initiative, Danske Bank has committed to achieving a net-zero investment portfolio by 2050 or sooner in line with the Paris Agreement and to limiting global temperature increase to a maximum of 1.5°C. Here a number of climate targets have been set (impacting funds managed by Danske Invest Management) to support this commitment, in alignment with guidelines from the Science Based Targets initiative (SBTi) and the Net Zero Asset Managers initiative. Please see [Danske Bank Climate Action Plan](#) for more details, and the [Climate Action Plan Progress Report 2023](#).

Initiatives linked to climate and GHG emissions relevant to funds managed by Danske Invest Management:

- The Task Force on Climate related Financial Disclosures (TCFD)
- CDP (formerly Carbon Disclosure Project)
- Climate Action 100+
- The Partnership for Carbon Accounting Financials (PCAF)
- Net Zero Asset Managers initiative
- Science Based Target initiative (SBTi)

Biodiversity, water and waste - PAI Indicator 7-9 (Table 1)

The future profitability and success of many companies relies upon the health of global biodiversity. Conversely, the economic activity of companies amounts to one of the largest contributors to biodiversity loss, which furthermore significantly reduces the capacity of our planet to sequester carbon and hence mitigate global warming. These negative impacts not only have direct implications for the environment and society as a whole, they also present material challenges for business in the form of increased physical and transitional risks.

Initiatives linked to biodiversity, water and waste relevant to funds managed by Danske Invest Management:

- The Partnership for Biodiversity Accounting Financials (PBAF)

Social and Employee matters - PAI Indicator 10-11 (Table 1) and 6 and 9 (Table 3)

The Danske Bank Group has signed and honour the ten principles of the UN Global Compact. To ensure investments are not made into companies, activities and countries which are in breach of the international guidelines mentioned below, a proprietary Enhanced Sustainability Standard screening is conducted which also applies to funds managed by Danske Invest Management.

Initiatives linked to social and employee matters relevant to funds managed by Danske Invest Management:

- UN Global Compact
- OECD Guidelines for Multinational Enterprises,
- UN Guiding Principles on Business and Human Rights

Corporate governance - PAI Indicator 12-13 (Table 1)

Being a responsible investor involves the use of rights as a shareholder and voting and engagements with investee companies. We are fully transparent about our voting which are disclosed on an ongoing basis on our voting platform which can be found [here](#).

The Voting Guidelines take into account internationally recognised corporate governance standards and voluntary principles mentioned below. For a full overview, please refer to the Voting Guidelines.

Initiatives linked to corporate governance relevant to funds managed by Danske Invest Management:

- G20/OECD Principles of Corporate Governance
- OECD Guidelines for Multinational Enterprises

International standards and commitments, not related to a specific PAI indicator

- UN Sustainable Development Goals (SDGs): The framework is among other things used to determine if an investment is sustainable
- UN Principles for Responsible Investment: Danske Bank is yearly reporting on adherence to the principles and our developments and progress when it comes to responsible investments including responsible investments managed for Danske Invest Management.
- Sustainability Accounting Standards Board (SASB)

4. HISTORICAL COMPARISON

Please see the principal adverse impact statement for the reference year of 2022 under “Description of the principal adverse impacts on sustainability factors”. For reported impacts on year 2022, we have added assumptions on data for certain indicators and thus made relevant back-calculations for indicator 1(2), 1(3), 1(5), 1(12), 1(13), 3(6), 3(9), 1(15), 3(21), and 3(24). This is to ensure alignment and comparability with the approach taken for year 2023 figures.

5. CHANGE LOG

Date	Date Version number	Comments/changes
10 March 2021	1.0	Principal Adverse Impact Statement created
28 December 2021	2.0	Indicators amended to reflect Regulatory Technical Standards (applicable from 1 January 2023) Indicators expanded to cover sovereigns and supranational as well as Real Estate Additional indicators added Further nuanced descriptions on Identification of principal adverse impacts. Prioritisation of principal adverse impacts as well as Engagement policies and references to international standards
30 June 2022	3.0	Further nuanced descriptions on Identification of principal adverse impacts, Prioritisation of principal adverse impacts as well as Engagement policies and references to international standard
23 February 2023	4.0	Aligned with Annex 1 Template Updated based on the updated Responsible Investment Policy Updated based on the updated Exclusion Instruction Summary section updated
30 June 2023	4.1	Reporting on 2022 principal adverse impacts included Further nuanced descriptions on Identification of principal adverse impacts.
28 June 2024	4.2	Reporting on 2023 principal adverse impacts includes, adjusted metrics for certain indicators and editorial adjustments (editorial non-material changes done on 30 June 2024 to published version).