



Brussels, 6.4.2022
C(2022) 1931 final

ANNEX 2

ANNEX

to the

Commission Delegated Regulation (EU) .../....

supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> Yes	<input checked="" type="radio"/> <input type="radio"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective - ___% <input type="checkbox"/> In economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> In economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <input type="checkbox"/> With an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> With an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> With a social objective
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective ___%	<input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



What environmental and/or social characteristics are promoted by this financial product?

Danske Porteføljepleje Classic ('the Product') invests in issuers through investments in underlying funds. The Product promotes environmental and social characteristics by seeking to limit and mitigate principal adverse impacts of its portfolio on sustainability factors through:

Exclusions: The Product prioritises investments in funds that exclude issuers with:

- **Activities or conduct harmful to society** covering exclusions:

- that comply with Danske Bank's norm based screening (enhanced sustainability standards) focussing, among others, on adherence to UN Global Compact principles, OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights and ILO conventions.
- **Non-ethical or controversial activities** covering exclusions on:
 - Tobacco (5 % revenue - with the scope capturing activities, Upstream, Production, and distribution, Downstream "UPD")
 - Controversial weapons (0 % revenue - UPD)
- **Activities with significant negative climate impact** covering exclusions on:
 - Peat-fired power generation (5 % revenue - UPD)
 - Tar sands (5 % revenue - UPD)
 - Thermal coal (5 % revenue - UPD)

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Active ownership the Product seeks to influence **issuers' impact on sustainability matters** through engagement and voting on material sustainability topics at the level of underlying funds.

The Product does not apply a benchmark for the attainment of its environmental and/or social characteristics.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

Exclusions relating to "**activities or conduct harmful to society**", "**non-ethical or controversial activities**" and/or "**activities with significant negative climate impact**" are measured by the number of issuers excluded as a result of these exclusions and the number of excluded issuers in the portfolio.

"**Issuers' impact on sustainability matters**" is measured by the number of engagements with issuers and engagement themes discussed with issuers in the Product, and/or environmental and/or social proposals voted on in relation to investments of the Product, including active ownership activities conducted at the level of underlying funds.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The EU Taxonomy sets out a 'do not significant harm' principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The 'do no significant harm' principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes, the Product considers principal adverse impacts on sustainability factors by limiting exposures to such externalities through its exclusions, Identified principal adverse impacts of issuers in the portfolio are prioritised and managed through the active ownership activities of the Product and of the underlying funds.

In respect to its exclusions, the Product considers adverse impacts on climate related sustainability factors by reducing investments in issuers involved in activities with significant negative climate impact. The enhanced sustainability standards screening captures considerations to other sustainability factors by focussing both on the adverse impacts that investments might have on social as well as environmental factors. Issuers captured by this screening are excluded in reference to having activities or conduct harmful to society.

Principal adverse impacts are reported in the Product's periodic report.

No



What investment strategy does this financial product follow?

The Product uses an active management strategy and gains exposures to issuers through investments in underlying funds.

By the selection of underlying funds, the Product aims to ensure as an integral part of its investment strategy that the Product's environmental and social characteristics are promoted.

The investment strategy of the Product is further focussed on limiting negative externalities / principal adverse impacts of the Product by the integration of the exclusions. The Product engages as an active part of its investment strategy with issuers on material sustainability topics and vote on environmental and/or

social proposals in accordance with Danske Bank A/S's Voting Guidelines and Voting Scope, primarily indirectly through active ownership activities of its underlying funds.

The promoted environmental and social characteristics as well as issuers' good governance practices are integrated in the investment strategy on a continuous basis through a commitment to systematically identify and address sustainability factors embedded in the investment and/or investment selection process. By this, the environmental and social characteristics as well as issuers' good governance practices may influence a decision to either buy or increase weighting, hold or maintain weighting, sell or decrease weighting of an investment, in order to attain the characteristics of the Product.

The extent to which the environmental and social characteristics of the Product are attained through the investment strategy is monitored on a regular basis and is reported in the Product's periodic report.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Product commits to invest a minimum of 75% of the invested funds in underlying funds, which integrate the following binding elements:

For the exclusion criteria relating to reduction of "activities or conduct harmful to society", "non-ethical or controversial activities" and "activities with significant negative climate impact" the investment strategy applies the binding element of not investing into issuers on the Product's exclusion lists. Per the general exclusion criteria issuers can be exempted from exclusion, if the issuer has a documented and satisfactory transition plan.

Fiduciary duties owed by the Product to its investors may in extraordinary circumstances, including in a low market liquidity environment, prevent the Product from divesting an excluded issuer. Any such excluded holding of the Product will be communicated through periodic reporting of the Product and publicly available exclusion lists.

"Issuers' impact on sustainability matters" the Product commits to engage on material sustainability topics with issuers and/or vote on environmental and/or social proposals in accordance with Danske Bank A/S's Voting Guidelines and Voting Scope, mainly on the level of the underlying funds.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Product has exclusions in place with the rate of reduction impacted by market value fluctuations and other factors. The Product does not commit to a minimum rate for reducing the investments that are considered prior to the application of the investment strategy.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- **What is the policy to assess good governance practices of the investee companies?**

Danske Bank A/S's Responsible Investments Policy and Active Ownership Policy provide the basis for assessing the issuers, as investee companies, good governance practices.

According to these policies, considerations related to good governance practices form an integral part of the investment process of the Product, in respect to both the selection of issuers and in managing the portfolio. In this respect, the business models and the strategies of issuers as well as their ability to create long-term value for the shareholders are taken into consideration. The assessments are among others supported by an analytical tool in Danske Bank A/S.

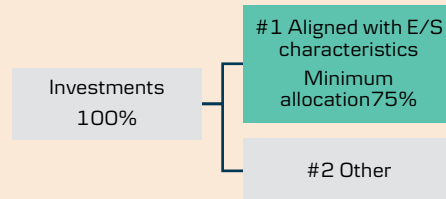
For the selection of underlying funds, the manager's policies and frameworks for consideration of good governance practices are taken into consideration and form part of the due diligence and ongoing monitoring.

For the management of its investments, the Product further seeks to be an active owner through the underlying funds and to influence issuers through dialogue, voting and collaboration with peers, like-minded investors and stakeholders including on matters pertaining to good governance. For voting, Voting Guidelines are used as the default position, but investment teams are allowed to deviate based on case-by-case analyses. Voting must always be carried out to the benefit of investors.



What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.



Taxonomy-aligned activities are expressed as a share of

- **Turnover** reflecting the share of revenue from green activities of investee companies
- **Capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy
- **Operational expenditure** (OpEx) reflecting green operational activities of investee companies

#1. Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2. Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The Product does not use derivatives for the attainment of environmental and social characteristics promoted by the Product.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Product does not have a minimum commitment to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy. Therefore, the minimum extent to which the Product invests in sustainable investments with an environmental objective aligned with the EU Taxonomy is 0%.

The actual and current share of Taxonomy-aligned investments of the Product, if any, are reported in the periodic report of the Product.

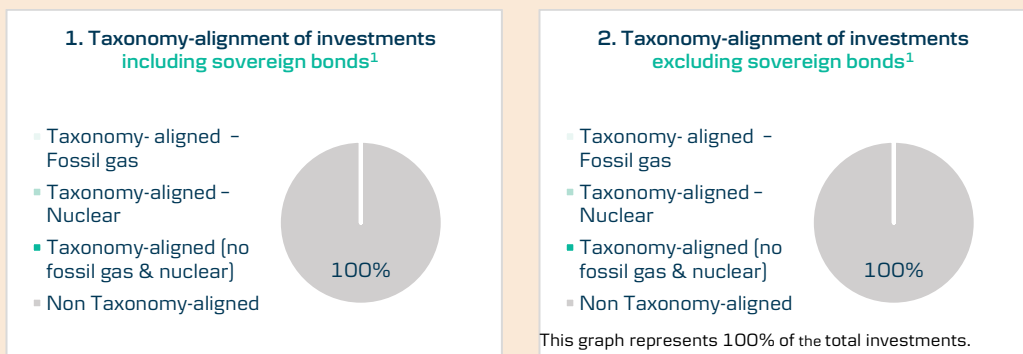
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.


● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy¹?**

- Yes
 - In fossil gas
 - in nuclear energy
- No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds¹, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



¹ For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**

As the Product does not have a minimum commitment of Taxonomy-aligned investments, the Product does not have a minimum share of investments in transitional and enabling activities.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Product does not have a minimum commitment to invest in sustainable

¹ Fossil gas and nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214

investments. Accordingly, the Product does not have a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

The Product does not have a minimum commitment to invest in sustainable investments and therefore no minimum share of socially sustainable investments.



What investments are included under '#2 Other', what is their purpose and are there any minimum environmental or social safeguards?

Underlying assets of the Product that do not contribute to the attainment of environmental or social characteristics of the Product are categorised in the "Other" investment bucket. Such bucket may include cash held as ancillary liquidity and derivatives and other investments used for hedging/risk management purposes.

Other investments can also be made in instances for which there is insufficient ESG data on an issuer to determine, whether such investment is promoting environmental and social characteristics of the Product.

Other investments made for investment purposes are to the extent data is readily available captured by minimum environmental and social safeguards through the application of exclusions.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

The Product does not use a reference benchmark to determine whether the Product is aligned with the environmental and social characteristics that it promotes. As the Product does not apply a reference benchmark for such purposes the question is not further addressed.



Where can I find more product specific information online?

More information can be found on the website:

<https://danskebank.dk/privat/produkter/investering/alle-produkter/ansvarlige-investeringer/information-om-baeredygtighedsrelaterede-forhold-i-vores-investeringsloesninger#accordion-0-item-3>