

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
<ul style="list-style-type: none"> <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 	<ul style="list-style-type: none"> <input checked="" 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 __5__% of sustainable investments <input type="checkbox"/> With an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> With an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> With a social objective
<ul style="list-style-type: none"> <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective ___% 	<ul style="list-style-type: none"> <input 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?

While not pursuing a sustainable investment objective, the Product is committed to partially make sustainable investments, meeting or exceeding the minimum proportion outlined in this annex.

The Product further promotes environmental and social characteristics by seeking to limit and mitigate principal adverse impacts of its portfolio on sustainability factors through:

Inclusions, the Product favours investments in issuers that demonstrate:

- Sound sustainability practices
- Sound environmental stewardship

Exclusions, the Product excludes investments in issuers with:

- **Activities or conduct harmful to society** covering exclusions:
 - based on 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)
 - Controversial weapons (0 % revenue)
 - Gambling (5 % revenue)
 - Military equipment (5 % revenue)
 - Pornography (1 % revenue)
 - Alcohol (5 % revenue)
 - Statens Pensjonsfund Utland (SPU)
- **Activities with significant negative climate impact** covering exclusions on:
 - Fossil Fuels (5% revenue)
 - Peat-fired power generation (5 % revenue)
 - Tar sands (5% revenue)
 - Thermal coal (5% revenue)

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

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

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

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

"Sustainable investments" is measured by the proportion of sustainable investments in the portfolio.

Inclusions relating to:

- **"Sound sustainability practices"** is measured by an ESG score based on an internally developed model.
- **"Sound environmental stewardship"** is measured by a third-party Carbon Risk Rating score.

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

“**Issuers’ impact on sustainability matters**” is measured by the number of engagements with issuers and engagement themes discussed with issuers, and/or environmental, social and governance proposals voted on in relation to investments of the Product

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Product partially invests in sustainable investments. The sustainable investments that the Product partially intend to make may contribute to either an environmentally sustainable investment objective or to a socially sustainable investment objective, provided that such objectives are kept with the United Nations Sustainable Development Goals [the “**UN SDGs**”].

Specifically, **environmentally sustainable investments** of the Product may contribute to:

- SDG 6 - Clean Water and Sanitation,
- SDG 7 - Affordable and Clean Energy,
- SDG 9 - Industry, Innovation and Infrastructure,
- SDG 11 - Sustainable Cities and Communities,
- SDG 12 - Responsible Consumption and Production,
- SDG 13 - Climate Action,
- SDG 14 - Life Below Water,
- SDG 15 - Life on Land, and/or
- SDG 17 - Partnerships for the Goals.

Within this scope of the investment strategy, the Product may contribute to all environmental objectives of the EU Taxonomy covering: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control, and Protection and Restoration of Biodiversity and Ecosystems

Socially sustainable investments of the Product may contribute to:

- SDG 1 - No Poverty,
- SDG 2 - Zero Hunger,
- SDG 3 - Good Health and Well-being,
- SDG 4 - Quality Education,
- SDG 5 - Gender Equality,
- SDG 8 - Decent Work and Economic Growth,
- SDG 10 - Reduced Inequalities,
- SDG 16 - Peace, Justice and Strong Institutions and/or
- SDG 17 - Partnership for the Goals.

If the Product invests through underlying funds, the specific environmental and/or social objectives of the sustainable investments and the contribution to such objectives are mainly defined and managed through those underlying Products. In that respect, the Product could for instance invest into underlying funds with a transitional focus for the sustainable investments by tracking a climate index and funds with a thematic or broad SDG focus for the sustainable investments.

For direct sustainable investments a positive contribution to the SDGs is made by ensuring that the Product's sustainable investments have a positive exposure to at least one of the UN SDGs as identified and measured through a model internally developed in Danske Bank (the "SDG Model") or if relevant by investing into sustainability labelled bonds. The SDG Model measures positive exposures through the services and products produced by the issuer. In addition the model considers the extent to which the issuers' operations are aligned to the UN SDGs (fundamental business alignment). While the specific contribution may vary from issuer to issuer, solely issuers assessed to have substantial contribution to the UN SDGs are eligible for the Product to invest into as a sustainable investment.

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, anticorruption and antibribery matters.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The sustainable investments that the Product partially intends to make do not cause significant harm to any environmental or social sustainable investment objective. This consideration is managed in the investment decision-making process by applying the exclusions of the Product and through the assessment methodology embedded in eligibility requirements for direct sustainable investments and/or in underlying funds.

For investments classified as sustainable investments in the Product's portfolio, Danske Bank continuously monitors and screens the portfolio against these aspects.

How have the indicators for adverse impacts on sustainability factors been taken into account?

The Product considers the indicators for principal adverse impacts on sustainability factors outlined in the Principal Adverse Impact Statement of Danske Bank A/S when performing assessments of "do not significant harm".

Such considerations are made by using a top-down overlay of exclusions addressing the PAI indicators.

Further, for investments through underlying funds, the Product considers principal adverse impacts through assurance that the underlying funds identify and consider principal adverse impacts when assessing do no significant harm for sustainable investments made at that level. The usage and prioritisation of principal adverse indicators for the purposes of assessing do no significant harm may vary at the level of the underlying funds.

Direct sustainable investment assessments made under the SDG Model ensure that an investment in an issuer cannot be classified as a sustainable investment, if the issuer through its operations or manner of production is deemed to have a significant negative impact on sustainability factors, for example in relative terms to a given sector, and the issuer is not taking appropriate measures to mitigate such impacts. The indicators for adverse impacts form part of such analysis, including through evaluations and scores received from third party vendors.

— — — **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details –**

For sustainable investments made through underlying funds alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights is safeguarded through diligence of the processes and assessment criteria applied by the fund manager in respect to these aspects.

For direct investments these guidelines and principles are embedded as an integral part of the screening and eligibility criteria of the SDG Model.

Further, the Product excludes issuers with conduct or activities deemed harmful to society. This exclusion is based on the enhanced sustainability standard screening model developed by Danske Bank. The model, among others screen for issuers' adherence to OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Issuers that are assessed to act in breach of conventions in accordance with the criteria of the enhanced sustainability standards screening are not investable by the Product.

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 inclusions, exclusions, and the eligibility and alignment criteria of the sustainable investments that the Product partially intends to make, including through underlying funds. 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 of 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.

For its sustainable investments the Product has an enhanced focus on limiting principal adverse impacts on sustainability factors as these considerations form part of the sustainable investment criteria of not causing any significant harm to an environmental or social objective.

Inclusion criteria applied by the Product prioritise a weighting a weighting of issuers deemed to have good performance on social, environmental as well as governance-related factors.

In respect of active ownership, the Product is covered by the Danske Bank A/S' Active Ownership Policy. The policy and underlying instructions provide principles for engagements and voting on proposals linked to principal adverse impacts of issuers.

Principal adverse impacts are from 2023 reported for the Product.

No The Product does not consider principal adverse impacts on sustainability factors as part of the investment strategy due to the sustainability preferences of the client and how this strategy is to be managed.



What investment strategy does this financial product follow?

The Product's investment strategy is further detailed in your portfolio management agreement.

If permitted in your portfolio management agreement, the Product may gain exposures to issuers through investments in underlying funds. By the selection of underlying funds, the Product aims to ensure as an integral of its investment strategy that the minimum target on sustainable investments can be met, and that other environmental and/or social characteristics are promoted.

For the sustainable investments that the Product partially intends to make, the Product in its selection of underlying funds considers the sustainable investments made by that underlying fund, including sustainable investment objectives that the underlying fund supports and how such fund considers and manages considerations of do no significant harm.

If permitted in your portfolio management agreement the Product may also invest directly in sustainability-labelled bonds or make sustainable investments in accordance with the SDG Model.

The investment strategy is further focussed on limiting negative externalities (principal adverse impacts) of investments of the Product by the integration of exclusions and inclusion criteria. Danske Bank engages as an active part of managing the investment strategy with issuers on material sustainability topics and - if any investments in underlying funds - vote on environmental and/or social proposals in accordance with the Danske Bank Voting Guidelines and Voting Scope.

The commitment to partially make sustainable investments and promote 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 relevant sustainability features 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 these characteristics of the Product.

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

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 Product reporting.

● **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?**

“**Sustainable investments**” the Product is committed to invest a minimum of 5% of its investments in sustainable investments .

“**Sound sustainability practices**” the Product aims to have a weighted average ESG score of the portfolio that exceeds a score of 40.

“**Sound environmental stewardship**” the Product aims to have a weighted average Carbon Risk Rating score of the portfolio that exceeds a score of 40.

For the exclusion criteria relating to reduction of “**activities or conduct harmful to society**”, “**non-ethical and 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.

Fiduciary duties may in extraordinary circumstances, including in a low market liquidity environment, prevent the Danske Bank from divesting an excluded issuer from the Product. Any such excluded holding of the Product will be communicated through product reporting.

“**Issuers’ impact on sustainability matters**” - for the Product Danske Bank commits to engage on material sustainability topics with issuers and - if any investments in underlying funds - vote on environmental, social and/or governance proposals in accordance with the Danske Bank Voting Guidelines and Voting Scope.

● **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. Accordingly, the Product does not commit to a minimum rate of reduction of the investments considered prior to the investment strategy.

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

Danske Bank’s Responsible Investment Policy and Active Ownership Instruction provide the basis for assessing the issuers, as investee companies, good governance practices. According to this framework, 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.

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 the Product’s investments, Danske Bank further seeks to be an active owner and to influence issuers directly 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

Good governance practices include sound management structures, employee relations, remuneration of staff



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 to avoid any conflict of interest

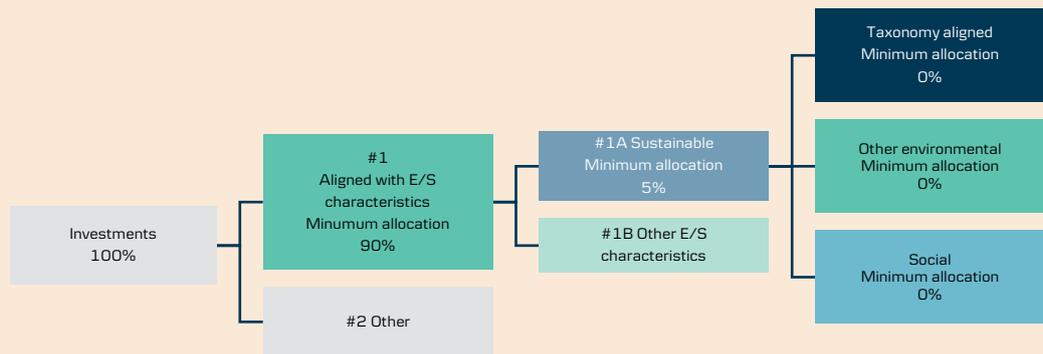
What is the asset allocation planned for this financial product?

The Product promotes environmental and/or social characteristics for investments made in its portfolio. As the Product reserves the opportunity of making other investments in e.g. cash, derivatives and investments for which there might be insufficient ESG data (“Other”), the expected minimum proportion of investments aligned with the Product’s environmental and/or social characteristics is 90%.

The minimum proportion to environmental and/or social characteristics reflects the screened proportion of the Product’s portfolio.

The Product has a minimum allocation to sustainable investments of 5%. The Product is not within its investment strategy allocating a minimum of its investments to investments with an environmental objective, including Taxonomy-aligned investments, or investments with a social objective.

Asset allocation describes the share of investments in specific assets.



#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.

The category **#1 Aligned with E/S characteristics** covers

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments

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

● **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 its environmental and social characteristics.



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 make 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, will be reported by the Product.

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

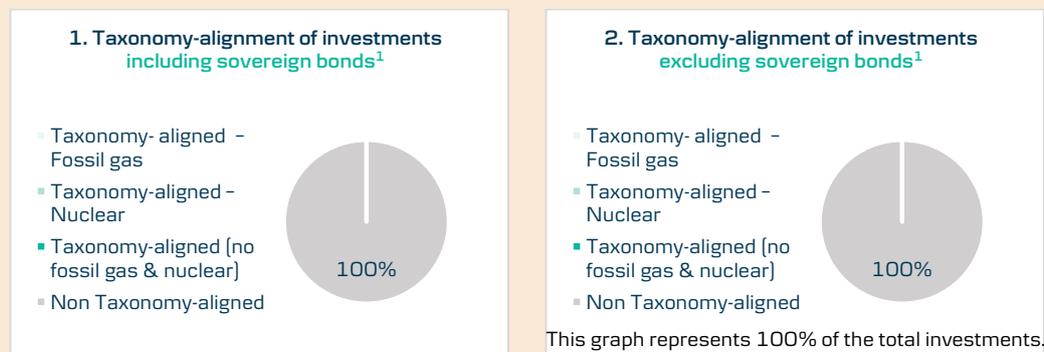
- Yes
 - In fossil gas
 - in nuclear energy
- No

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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.

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

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

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

As the Product does not have a minimum commitment of making Taxonomy-aligned investments, the minimum share of investments in transitional and enabling activities is 0%.



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

The Product invests in sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. The Product does not commit to a minimum share of those investments, as the sustainable investments that the Product partially targets are not linked to specific SDGs. Therefore the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 0%.

The actual and current shares of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy within the given reference period are reported by the Product.

The reason why the Product invests in sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is due to low availability of company data and disclosures allowing the Product to determine Taxonomy alignment and due to the scope of objectives targeted by the Product going beyond the scope of the EU Taxonomy.



What is the minimum share of socially sustainable investments?

The sustainable investments that the Product partially intends to make in accordance with the investment strategy are not linked to specific environmental and/or social SDGs with no minimum share of socially sustainable investments. Therefore the minimum share of sustainable of investments with a social objective is 0%.

The actual and current shares of socially sustainable investments within the given reference period are reported by the Product.



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

The Product’s underlying assets that do not contribute to the attainment of environmental and/or social Product’s characteristics are categorised in the “Other” investment bucket. Such bucket may include cash held as ancillary liquidity and derivatives and other investments used for hedging or 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

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

investment is promoting the Product's environmental and/or social characteristics.

Other investments made for investment purposes are to the extent data is readily available captured by minimum environmental and/or 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?

No specific index is designated as a reference benchmark to determine whether the Product is aligned with the environmental and social characteristics promoted by the Product.



Where can I find more product specific information online?

More product-specific information can be found on

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