

# Responsible Investment Policy

## 1. Objective

The objective of the Responsible Investment Policy (the “**Policy**”) is to establish and communicate the approach of Danske Invest Management A/S (“**Danske Invest Management**”) to responsible investments.

The Responsible Investment Policy is a cornerstone of Danske Invest Management’s ambitions to integrate sustainability into core businesses, and it supports our vision to be recognised as leading within the area of responsible investments. When investors entrust us with their assets and savings for investment, it is our duty to serve our investors’ best interests by providing investment solutions that aim to deliver competitive and long-term performance. An integral part of this duty is investing responsibly. As a responsible investor, we are mindful of not only how investment performance is affected by sustainability factors, but also the impact on society that our investments may cause.

The Policy is further incorporated and elaborated upon in our [Active Ownership Policy](#) and [Principal Adverse Impact Statement](#) as well as other published instruction and statements.

## 2. Definitions

The below definitions apply to the terms used throughout the Policy.

<b>Active Ownership</b>	The use of rights and position of ownership to influence the activities or behaviour of investee companies based on financial and/or impact materiality considerations. Active ownership is exercised by taking an active interest as an investor in the investee companies’ circumstances, development, and management, and by adopting a long-term focus in the company in line with, for instance, the EFAMA Stewardship Code and the Shareholder Rights Directive II.
<b>Do No Significant Harm</b>	A principle ensuring that neither environmental nor social objectives are significantly harmed when investing sustainably as measured against indicators on principal adverse impacts, minimum social and environmental safeguards and/or screening criteria defined by regulations.
<b>Double Materiality</b>	The determination of whether a sustainability factor is of relevance when investing from either the perspective of Financial Materiality and/or Environmental and Social Materiality.
<b>Environmental and Social materiality (also referred to as “societal materiality” and “impact materiality”)</b>	The inside-out impacts that an issuer’s/company’s economic and financial activities may have on sustainability factors
<b>ESG</b>	Environmental, social and/or governance.
<b>Exclusions</b>	The exclusion of certain sectors, companies, and products from investment portfolios/strategies on the

	basis of identified adverse sustainability impacts, expressed weak sustainability standards, and/or failure to meet minimum social safeguards.
<b>Financial Materiality</b>	The outside-in impacts that sustainability factors may have on a company's/issuer's economic and financial activities throughout their entire value chain (both upstream and downstream), affecting the value (returns) of such activities.
<b>Inclusion</b>	The active inclusion of a company/issuer in investment portfolios/strategies on basis of sustainability-related considerations.
<b>Principal Adverse Impacts</b>	Negative impacts that investments might have on Sustainability Factors as measured through indicators defined in SFDR.
<b>SFDR</b>	Regulation (EU) 2019/2088 of the European Parliament and of the Council on Sustainability-Related Disclosures in the Financial Services Sector.
<b>Sustainability Factors</b>	Environmental, social and employee-related matters, respect for human rights, anti-corruption, anti-bribery matters.
<b>Sustainable Investment</b>	An investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy. Or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations. Or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.
<b>Sustainability Risks</b>	An environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment <sup>1</sup>

### 3. Scope

The Policy covers investment activities relating to funds managed by Danske Invest Management on behalf of investors. The Policy covers all asset classes that our funds are invested into. The Policy is equally relevant to the own capital of Danske Invest Management.

The Policy does not apply directly to investments in structured products, derivatives or funds managed by other management companies. As further described in fund disclosures, specific deviations might be at the level of individual strategies that do not – due to the nature of such strategies – enable us to abide to all principles outlined herein. This goes for instance to funds

<sup>1</sup> Sustainability factors that impose a risk to Danske Invest Management are not covered by the term “sustainability risk” in this policy, but instead managed and defined in the Danske Invest Management Enterprise Risk Management (ERM)

designed in a manner to meet specific sustainability needs of clients and certain aspects relevant to passively managed funds.

### 3.1 Target group

This Policy applies to investment management on behalf of Danske Invest Management and delegates involved in the management of the funds. All material deviations from the Policy shall be reported to the Board of Directors.

## 4. Danske Invest Management's Approach to Responsible Investments

*At Danske Invest Management, responsible investments play a key role when we invest our investors' assets. Danske Invest Management's approach to responsible investments is based on the principle of Double Materiality.*

As a responsible management company, we are mindful of not only how Sustainability Factors impacts investment performance (**Financial Materiality**) but also how our investments may have positive and/or negative impacts on society (**Environmental and Social Materiality**). We refer to this as "Double Materiality" considerations. We believe that attentiveness to these sustainability dimensions when investing is a cornerstone of our fiduciary duty to create value for investors *and* to create a responsible investment fund offering that support the transition to a more sustainable society. Based on what is relevant for a specific asset class and investment strategy, these Double Materiality considerations can be addressed through **Inclusions, Exclusions and Active Ownership**.

We disclose our approach to responsible investments and report on our efforts in order to be transparent and held accountable for our investment processes and activities. As part of Danske Bank Group, we are included in Danske Bank's annual progress report to for instance the UN Principles for Responsible Investment (PRI), the Net Zero Asset Manager Initiative and the Task Force on Climate-related Financial Disclosures (TCFD).

The aim is to communicate in such detail that stakeholders can find answers to any questions on our investment processes and activities in a clear and accessible way. The information is published on our websites and, whenever relevant, disclosed and reported directly to investors and other stakeholders.

Where appropriate, we as part of Danske Bank Group collaborate with peers, like-minded investors and other relevant parties, to reduce negative and maximise positive impact on sustainability factors. We also welcome an open dialogue with our stakeholders and value the opportunity to collaborate, where relevant. As part of Danske Bank Group, we participate in investor initiatives that aim to increase transparency and sustainability standards in companies and financial markets, such as the CDP (formerly the Carbon Disclosure Project), SASB, the Institutional Investors Group on Climate Change (IIGC), the Paris Pledge for Action, the Net-Zero Asset Owner Alliance, the Net Zero Asset Managers Initiative, the Emerging Markets Investor Alliance (EMIA), the Montréal Carbon Pledge, the Task Force on Climate-

related Financial Disclosures (TCFD), and the UN-supported Principles for Responsible Investment (UN PRI)<sup>2</sup>.

## **Principle 1: We aim to protect the value of investments and generate attractive returns**

*As a part of our fiduciary duties to investors, we are committed to identify negative risk exposures with a financial impact on investments. This implies a duty to systematically identify Sustainability Factors that may pose a risk of causing material negative impact to the value of an investment (Sustainability Risk) and integrating considerations of such factors into our investment products.*

For a sustainability factor to be considered financially material, it needs to have the potential to translate into investment performance and have negative (or positive) impact on either the revenue/expenses of the company, the value of its assets/liabilities or its cost of capital. By analysing Sustainability Factors in conjunction with other financial factors, it is possible to gain greater insights into the investments and thereby identify Sustainability Risks and investment opportunities.

Financially material Sustainability Factors are unique to each company and are determined by, for instance, business activities, industry categorisation and domicile. To assess which Sustainability Factors that have a potential material negative or positive impact on the value of an investment, we expect that our investment managers are guided by standards such as the SASB Standards. The SASB Standards identifies the subset of sustainability issues most relevant to financial performance and enterprise value for different industries and provides proprietary analyses of sustainability issues.

Sustainability Risk exposures should be well managed and, as needed, lead to and/or influence a decision to either buy/increase weighting, hold/maintain weighting, decrease weighting, or sell/divest or to engage through our Active Ownership activities. The proper management of Sustainability Risks can, however, be challenged by several factors, including lack of comprehensive and standardised data and that Sustainability Risk factors often are complex, multidisciplinary and interlinked, which can make them difficult to assess in their entirety.

Appreciating that investments have different characteristics and are affected differently by Sustainability Factors, the investment team tailors the analysis of Sustainability Factors to the specific investment strategy and asset class.

Further information on how the framework to identify, manage and control Sustainability Risks for our funds is outlined in the [Sustainability Risk Integration Instruction](#) and our [Active Ownership Policy](#).

## **Principle 2: We aim to analyse and assess the impacts that investments have on environment and other societal dimensions**

*We aim to analyse and assess the negative impacts and positive impacts of our investments and to address these aspects in accordance with the needs of our investors. As part of one of the largest financial institutions in the Nordic countries, the Danske Bank Group, we have*

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<sup>2</sup> As further set-out in Appendix 1.

*both the ability and the determination to be part of finding solutions to the challenges our planet and societies are facing. Through the Danske Bank Group we support the goals of achieving net zero green-house gas emissions by 2050 in line with ambitions of the Paris Agreement to limit the increase of global warming to below 1.5°C.*

## 2.1. Principal Adverse Impacts

We refer to negative impacts on sustainability issues as “**Principal Adverse Impacts**” materialised through for instance carbon emissions, fossil fuel exposure, waste levels, gender diversity, due diligence over human rights and a company’s efforts to avoid corruption, bribery, and other practices harmful to society. We prioritise the management of these impacts in accordance with the Principal Adverse Impact Statement and other sustainability-related strategies and commitments.

Principal Adverse Impacts are to be identified through screening of Environmental and Social materiality. The screening focuses on a core set of universal mandatory indicators that always lead to Principal Adverse Impacts and additional indicators we have committed ourselves to assess. Subject to data availability, our selection of Principal Adverse Impact indicators follows the methodology/guiding principle of selecting the indicators which are relevant to consider based on our investment manager’s philosophy and exposures. We are continuously striving to expand the list to ensure that our processes capture such negative dimensions to the largest extent (see current list of selected Principal Adverse Impact indicators in our [Principal Adverse Impact Statement](#)).

From a fund perspective, the management and prioritisation of Principal Adverse Impacts are defined by the given strategy and investment portfolios/activities. Principal Adverse Impact considerations can lead to or influence decision-making to either buy/increase weighting, hold/maintain weighting, decrease weighting, or sell/divest. As a minimum standard, principal adverse impacts are managed through **Exclusions** and **Active Ownership** activities. However, this may be supplemented by **Inclusion** criteria that further addresses specific Principal Adverse Impacts.

We report on impacts that have been identified on an annual basis for all assets under management, including through Danske Bank Group consolidated reporting, and we also strive to report on Principal Adverse Impact on the majority of our funds.

Further information on how we identify, manage and control Principal Adverse Impacts are outlined in our [Principal Adverse Impacts Statement](#), the [Exclusion Instruction](#) and our [Active Ownership Policy](#).

## 2.2. Positive Impacts

Danske Invest Management delegate to investment managers who identify positive impacts on investments by screening issuers/companies for best-in-class operations, positive contribution to sustainability objectives (Sustainable Investments) as defined in relevant methodologies, sound sustainability practices, sound environmental stewardship etc. as integrated in our funds.

Funds may in that respect for instance apply **Inclusion** to invest fully or partially in Sustainable Investments or in investments aligned with the EU Taxonomy criteria for environmentally sustainable economic activities. Such investments can through funding help solve problems

related to specific sustainability themes and support the achievement of one or more of the United Nations Sustainable Development Goals.

### **2.3. Responsible Investment Funds**

Danske Invest Management manages funds with different levels of sustainability ambitions enabling investors to select the funds best designed to cater for their sustainability preferences. Notwithstanding sustainability preferences, all funds take due account of sustainability risk dimensions.

For **funds that promote environmental and/or social characteristics**, these characteristics and good governance practices are binding elements of the investment strategy. The funds are categorised under Article 8 of the SFDR and adhere to the specific disclosure requirements herein.

For **funds that have Sustainable Investments as their objective**, the environmental and/or social objectives as well as good governance practices are binding elements of the investment strategy. The 'Do No Significant Harm' principle is applied following the regulatory requirements for such products. The assessment of Principal Adverse Impact is also added to this exercise. These funds are categorised under Article 9 of the SFDR and adhere to the specific disclosure requirements herein.

For further information on how we incorporate adverse impacts and positive impact considerations into funds, see pre-contractual documentation and reporting.

## Appendix 1

A non-exhaustive list of the applicable sectoral regulations and external standards that have been taken into account by the Responsible Investment Policy is available below:

- Sectoral Regulations and Directives as implemented in local laws;
  - Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)
  - Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)
  - Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (AIFMD)
  - Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID II)
  - Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 regarding the encouragement of long-term shareholder engagement (Shareholders Rights Directive II)
  - Regulation (EU) 2019/2088 of the European Parliament and Council on sustainability-related disclosures in the financial services sector (SFDR) and underlying delegated acts
  
- External Standards and Commitments
  - UN Sustainable Development Goals (SDGs)
  - UN Global Compact
  - UN Guiding Principles on Business and Human Rights
  - UN Principles for Responsible Investment
  - OECD Guidelines for Multinational Enterprises
  - G20/OECD Principles of Corporate Governance
  - Sustainability Accounting Standards Board (SASB)
  - Net Zero Asset Managers Initiative
  - Net-Zero Asset Owners Alliance
  - The Task Force on Climate-related Financial Disclosures (TCFD)
  - CDP (formerly Carbon Disclosure Project)
  - ESG4Real
  - LuxFLAG
  - Paris Pledge for Action
  - The Montréal Carbon Pledge
  - Climate Action 100+
  - The Partnership for Biodiversity Accounting Financials (PBAF)
  - The Partnership for Carbon Accounting Financials (PCAF)

- The Danske Bank Group position statements<sup>3</sup>
  - Danske Bank Position Statement Agriculture
  - Danske Bank Position Statement Climate Change
  - Danske Bank Position Statement Fossil Fuels
  - Danske Bank Position Statement Mining and Metals
  - Danske Bank Position Statement Arms and Defence
  - Danske Bank Position Statement Forestry
  - Danske Bank Position Statement Human Rights

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<sup>3</sup> See Danske Bank Group Sustainable Finance Policy & Position Statements:  
<https://danskebank.com/sustainability>