

Principal Adverse Impact Statement

Version 2.0 - December 2021

We consider principal adverse impacts on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters that our investment decisions have. Across all our investments, our aim is to reduce the principal adverse impacts that our investment decisions may have on society. How and to what extent we consider and address principal adverse impacts on an entity level will evolve over time and hence continuously alter this statement.

The present statement is the consolidated principal adverse sustainability impacts statement of the Danske Bank Group. While applicable to Danske Bank A/S, there might be deviations in relations to how this statement is reflecting practices of different legal entities within the Group. Reference is in this respect made to statements individually published by relevant subsidiaries.

1. Description of principal adverse sustainability impacts

We report on adverse impacts of our investment decisions on sustainability factors on basis of the indicators listed below. Reporting capturing below listed indicators will be published no later than 1H of 2023 and cover relevant reference periods. This report shall also include a description of actions taken within the relevant reference period.

Indicators applicable to investments in investee companies:

Climate or other environment related sustainability factors

- Greenhouse Gas Emissions
- Carbon Footprint
- GHG intensity of investee companies
- Exposure to companies active in the fossil fuel sector
- Share of non-renewable energy consumption and production
- Energy consumption intensity per high impact climate sector
- Activities negatively affecting biodiversity sensitive areas
- Emissions to water
- Hazardous waste ratio
- Investments in companies without carbon emission reduction initiatives

Social, employee, human rights, anti-corruption or anti-bribery sustainability factors

- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
- Unadjusted gender pay gap
- Board gender diversity
- Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)
- Lack of a human rights policy
- Insufficient whistleblower protection

For investments in sovereigns and supranationals the following indicators are considered:

Climate or other environment related sustainability factors

- GHG intensity of investee companies

Social, employee, human rights, anti-corruption or anti-bribery sustainability factors

- Investee countries subject to social violations
- Average corruption score
- Non-cooperative tax jurisdictions
- Average rule of law score

For investments in real estate the following indicators are considered:

Climate or other environment related sustainability factors

- Exposure to fossil fuels through real estate assets
- Exposure to energy-inefficient real estate assets

1. Identification of principal adverse impacts

We use external market research providers and other publicly available information, dashboards, tools and frameworks and the expertise of our Responsible Investment team to identify principal adverse impacts on basis of any time applicable indicators. The complete methodology for the identification, measurement and reporting on these indicators are under development. Once finalised it will be build into due diligence policies of the investment organisations and this statement updated accordingly.

2. Prioritisation of principal adverse impacts

We address principal adverse impacts through our inclusion, active ownership and exclusion activities. Principal adverse impacts on sustainability factors are prioritized according to their materiality and type, as well as the nature of our investment products and investment related products.

How indicators are taken into account are also specifically dependent on the strategy of the relevant product and how sustainability aspects and sustainable objectives are taken into account. Detailed disclosures and descriptions to this effect will be finalized throughout the course of 2022.

3. Engagement policies and references to international standards

We engage in accordance with the principles outlined in our Active Ownership Instruction and Voting Guidelines.

Our approach takes into account internationally recognized corporate governance standards, e.g., the G20/OECD Principles of Corporate Governance, as well as voluntary principles, such as the UN Global Compact and OECD Guidelines for Multinational Enterprises. We also consider local regulation and/or guidelines such as the Danish Stewardship Code, the Finnish Corporate Governance Code, the Norwegian Code of Practice for Corporate Governance, and the Swedish Corporate Governance Code, as well as variation in legal and regulatory requirements between countries.

There are also country variations as to whether corporate governance is regulated by rulesbased legislation or by a comply-or-explain principle that needs to be considered in this context. The Active Ownership approach is based on the belief that it is more sustainable to address challenging issues through active ownership and dialogue rather than divesting and thereby refraining from an opportunity to make a positive impact and acting as a responsible investor.

Change log

Date	Version number	Comments/changes
10 March 2021	Version 1.0	- Principal Adverse Impact Statement created
28 December 2021	Version 2.0	<ul style="list-style-type: none"> - Indicators amended to reflect Regulatory Technical Standard (applicable from 1 January 2023) - Indicators expanded to cover sovereigns and supranationals 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