Financial market participant Danske Bank A/S
(MAES062Z21O4RZ2U7M96)

Statement on principal adverse impacts of investment decisions on sustainability factors

30 June 2023

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SUMMARY - ENGLISH

Danske Bank A/S, MAES062Z21O4RZ2U7M96, ("**Danske Bank**") 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 Bank[1]. This statement on principal adverse impacts on sustainability factors covers the reference period of 1 January 2022 to 31 December 2022. This is the first reference period where Danske Bank has started to measure and report on the principal adverse indicators meaning that a comparison to the preceeding year will not be done prior to year 2024

Danske Bank considers principal adverse impacts at an entity level by measuring the aggregated negative impacts of our investments in respect to assets under management (AuM), whenever relevant aligning investments decisions to Group Position Statements and external commitments. Principal adverse impacts are addressed through managed investment products, according to their materiality and type, as well as the nature and commitments of the products, and measured through mandatory and other indicators outlined in the delegated Act Regulation (EU) 2022/1288 under the Sustainable Finance Disclosure Regulation ("**SFDR**") .

These indicators ("**PAI Indicators**") relate to investments in both investee companies, sovereigns/supranationals and real estate assets. However, Danske Bank does not invest in real estate, meaning these indicators are not of relevance to the report. Below table summarises a selection of the reported adverse impacts against the PAI Indicators with guidance on where to obtain further information through the reporting in the Principal Adverse Impact table ("**PAI Table**").

<u>Investee company adverse impacts</u>

GHG emissions	Danske Bank measures negative impacts of GHG emissions through different sets of mandatory indicators (indicator no. 1-6). For instance, the mandatory indicator no. 1 of GHG emissions is reported with total GHG emissions of 19.942.288tCO2e and the carbon footprint (indicator no. 2) is measured and reported at 231 tCO2e/m€ invested. Exposures to companies active in the fossil sector (indicator no. 4) are reported as 4,4% of the AuM. For the voluntary (other) indicator no. 19, Danske Bank considers investments in companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement, which are reported with a 36,0% share of the AuM.
Biodiversity	Activities negatively affecting biodiversity sensitive areas are reported for indicator no. 7 with a share of 0,02% of such investments.
Water	Negative impact to water is reported for indicator no. 8 as 0,005 tonnes of emissions generated by investee companies per EUR million invested (weigthed average).
Waste	Negative impact to waste is reported for indicator no. 9 as 26,9 tonnes of hazardous waste generated by investee companies per EUR million invested (weigthed average).

[1] For information on the principal adverse impacts of the investment decisions on sustainability factors made by subsidiaries managed by Danske Bank A/S that are equally considering and reporting on principal adverse impacts, reference is made to the statements individually published by: Danske Invest Management A/S, Danske Invest Asset Management A/S, Danske Invest Fund Management Ltd and Danica Livsforsikringspension Aktieselskab.

Social and employee matters	For reporting on social employee matters, reference is made to indicators no. 10-14 and no. 20-21. As can be seen from seen these reported impacts, Danske Bank has e.g. had negative impacts to social and employee matters through a 0,04% share of investments in companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (indicator no. 10).

Sovereigns and supranationals

Environmental	Negative impacts on the environment is measured and reported as a GHG intensity of 37 tCO2e / m€ of country's GDP for investee countries (indicator no. 15).
Social	For negative social impacts reference is made to indicators no. 16 and 22-24 reporting among others 62 investee countries subject to social violations (indicator no.16).

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 an asset manager (inclusion, exclusion and active ownership) with a focus to strenghten among others our infrastructure to better enable portfolio managers to make the right considerations when selecting and making investments with adverse impacts.

Summary - Local language versions

Sammenfatning (DK) – Link, Tiivistelmä [FI] – Link, Sammanfattning [SE] – Link , Sammendrag (NO) – Link

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 Bank's investment decisions as defined by the PAI Indicators. In the PAI Table, we report the impacts against the PAI Indicators as an average of the measurements for the first reference periods (Q1-Q4 2022). Danske Bank aims to ensure that the reported impacts are analysed and assessed and to address these aspects in accordance with the needs of our customers.

The PAI indicators are linked to different assets (investee companies, sovereigns and supranationals and real estate assets[2]). The calculations relating to the indicators cover "all investments" made by Danske Bank[i]. "All investments" comprisesecurities and financial contracts (including cash and cash equivalents) held by Danske Bank as part of the mandates given by our customers for the purposes of portfolio management activities. This captures assets managed through our MiFID II licensed activities in Denmark, Sweden, Norwayand Finland (including activities through Danske Bank branches) either through managed agreements or through investments in mutual funds managed by delegation from Danske Invest Management A/S (DIMA) and Danske Invest Fund Mngt. Ltd. (DIFM)[3]. For year 2022, the average of all investments was 86,2 bn EUR.

Reporting against "all investments" imply that certain indicators are reported with a significantly lower value, than had the calculation been focussed on the exposures relevant to the specific indicator category ("**eligible assets"**) or exposures with data coverage ("**assets with data coverage"**). To enhance transparency and a further understanding of the figures, the reported PAIs in the "Impact" column of the PAI Table are therefore complemented by ratios and measured impacts for eligible assets and assets with data coverage in the "Explanation" column.

As further described in the "Actions Taken" column of the PAI Table, we prioritise the management of principal adverse impacts on sustainability factors in accordance with the general approach set out in Group Position Statements and other sustainability-related strategies and commitments. In addressing these adverse impacts in the management of assets on behalf clients, we as an asset manager have three main tools at our disposal: 1) Inclusion of investments, 2) Exclusion of investments and 3) Active Ownership[4].

[2] Not relevant to Danske Bank, as Danske Bank does not manage real estate assets.

[3] When a managed fund-of-funds or other multi-asset product is invested into another managed fund, only the positions of the underlying fund are counted into the calculation.

[4] Whether and how an inclusions, exclusions and activeownership are applied in the management of an investment product may be dependent on the strategy of the given product as further described in the pre-contractual disclosures of that product. As a minimum standard for thosestrategies prioritising principal adverse impacts, such impacts are managed through exclusions and active ownership activities. This may be supplemented by inclusion criteria that further addresses specific principal adverse impacts.

PAI TABLE

Indicators applicable to investments in investee companies						
Adverse sustainability indicator		Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
Climate and other environment-related indicators						
Greenhouse gas emissions	GHG emissions (1)	Scope 1 GHG emissions	1.708.121 tCO2e	N/A	**Eligible assets:** Weight: 79% Measured impact: same as for reported impacts. **Assets with data coverage:** Weight: 63% Measured impact: same as for reported impacts. **Explanatory comments:** GHG emissions are calculated as the Scope 1[5], Scope 2[6], Scope 3[7] emissions in investee companies expressed in tons of CO2 equivalent. The data used for the reported figures is based on company-reported numbers as well as	**General Approach** Danske Bank is committed to contribute to the goals of the Paris Agreement and to achieve Net Zero Carbon emissions by 2050. We have published a Net Zero Roadmap including interim AuM carbon reduction targets for 2025 and 2030 and Climate Action Plan. We have built strong processes to make sure we include companies based on
		Scope 2 GHG emissions	435.328 tCO2e	N/A		
		Scope 3 GHG emissions	17.670.738 tCO2e	N/A		
		Total GHG emissions	19.942.288 tCO2e	N/A		

					estimated numbers. Given the lack of investee company disclosures, Scope 3 GHG emissions are subject to more estimations than scope 1 and 2. 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.	the right analysis. We engage with companies on e.g. climate-related matters, and we are prepared to exclude companies whenever we deem it necessary from a GHG emissions perspective. **Inclusion** We strive to make assessments on how companies manage climate issues and participate in the green transition a key consideration when we invest our customers' assets. During 2022, we have worked to further integrate GHG emissions data into our data platform, investment management systems and our sustainability analytical tool mDash.
	Carbon footprint (2)	Carbon footprint	231 tCO_2e / m€ invested	N/A	**Eligible assets:** Weight: 79% Measured impact: **Assets with data coverage:** Weight: 63%	

[5] Namely emissions generated from sources that are controlled by the issuing company.

[6] Namely emissions from the consumption of purchased electricity, steam or others sources of energy genereated upstream from the issuing company.

[7] Namely all indirect emissions that are not covered by points (i) and (ii) that occur in the value chain of the reporting company, including both upstream and downstream emissions, in particular for sectors with a high impact on climate change and its mitigation

					Measured impact: **Explanatory comments:** Carbon footprint is calculated as the total GHG emissions expresses as a ratio for all investments. For further information on data considerations, the probability of occurrence etc., please see indicator no. 1 above.	**Active Ownership** During 2022, Danske Bank has had multiple company dialogues with investee companies in relation to GHG related topics. During 2022, including for GHG emissions, carbon footprint, and in relation to fossil fuel sector activity. In addition, as part of our Net Zero Roadmap Danske Bank has committed to engage with the top 100 emitters in its portfolio by 2025. The companies have been identified based on our financed emission of weighted average carbon intensity. The engagements are focused on decarbonisation, with the goal of supporting our portfolio companies to transition their business activities to a
	GHG intensity of investee companies (3)	GHG intensity of investee companies	682 tCO2e / m€ of revenue	N/A	**Eligible assets:** Weight: 79% Measured impact: 861 tCO2e / m€ of revenue **Assets with data coverage:** Weight: 63% Measured impact: 1.086 tCO2e / m€ of revenue **Explanatory comments:** For further information on data considerations, the probability of occurrence etc., please see information provided to GHG (1) above.	
	Exposure to companies active in the fossil fuel sector (4)	Share of investments in companies active in the fossil fuel sector	4,4% investments in companies in	N/A	**Eligible assets:** Weight: 79%	

			the fossil fuels sector		Measured impact: 5,5% investments **Assets with data coverage:** Weight: 62% Measured impact: 7,0% investments **Explanatory comments:** Data is based on companies' business activities/operations and is thus subject to a low degree of estimations. Fossil fuel companies are the main contributors to climate change. Investee ompanies 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.	low-carbon economy. During 2022, the first 20 of those companies where engaged with. Where applicable, Danske Bank has exercised active ownership through voting at the general meetings of high emitting companies. We will also generally support reasonable shareholder proposals that ask companies to prepare and plan for mitigating climate change risks. This can be both through supporting shareholder proposals related to climate change risks or voting against management proposals requesting to approve climate transitions plans at companies that do not sufficiently address climate change risks. During 2022, we supported themajority

	Share of non-renewable energy consumption and production (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	A) 17,2% Non-renewable energy consumption B) 1,2% Non-renewable energy production C) 15,6% Coal, nuclear, oil or unclear energy sources	N/A	**Eligible assets:** Weight: 79% Measured impact: A) 21,7% Non-renewable energy consumption B) 1,6% Non-renewable energy production C) 19,7% of coal, nuclear, oil or unclear energy sources **Assets with data coverage:** Weight: A) 24% Non-renewable energy consumption B) 61% Non-renewable energy production C) 29 % Coal, nuclear, oil or unclear energy sources: Measured impact: A) 72,7% Non-renewable energy consumption B) 2,0% Non-renewable energy production C) 54,0 % Coal, nuclear, oil or unclear energy sources	of Greenhouse Gas related proposals. **Exclusions** Danske Bank's Exclusion Instruction covers exclusion of activities with highly negative climate impacts. This means that 361 companies have been identified to fail the threshold for thermal coal and 26 companies for tar sands. In addition, as part of the Enhanced Sustainability Standards screening 56 companies have been indentified to have high climate change contribution and 30 harmful environmental practices. These exclusions apply across the investment product range of Danske Bank in different combinations and with varying

					Explanatory comments: Data is primarily based on company disclosures but where the source of energy is unclear it will also be included in the data, contributing to a certain degree of estimations. 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.	impacts on strategies managed. A number of Danske Invest funds managed by Danske Bank follow a Paris-Aligned Benchmark (PAB) or Climate Transition Benchmark (CTB) and therefore apply the exclusion criteria as set out in Article 12(1) of the EU Climate Transition Benchmark regulation. In addition, certain managed Danske Invest funds have extended fossil fuel exclusions. **Planned actions for year 2023** During 2023, we will further develop our fossil fuel strategy. At the time of the publication, the ambition is to further narrow the scope of

	Energy consumption intensity per high impact climate sector (6)	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	A) Agriculture forestry and fishing 0,2 GWh / m€ of revenue B) Mining and quarrying 0,6 GWh / m€ of revenue C) Manufacturing 0,4 GWh / m€ of revenue D) Electricity gas steam and air conditioning supply 2,0 GWh / m€ of revenue	N/A	**Eligible assets:** Weight: 79% Measured impact: A) 0,2 GWh / m€ of revenue B) 0,6 GWh / m€ of revenue C) 0,4 GWh / m€ of revenue D) 2,0 GWh / m€ of revenue E) 0,4 GWh / m€ of revenue F) 0,05 GWh / m€ of revenue G) 0,3 GWh / m€ of revenue H) 1,1 GWh / m€ of revenue L) 0,002 GWh / m€ of revenue **Assets with data coverage:** Weight: 28 % Measured impact: A) 0,3 GWh / m€ of revenue B) 2,2 GWh / m€ of revenue C) 0,9 GWh / m€ of revenue D) 3,5 GWh / m€ of revenue E) 1,8 GWh / m€ of revenue F) 0,2 GWh / m€ of revenue G) 1,1 GWh / m€ of revenue	active ownership to key investments and leverage exclusions to address certain investments. Also in the year of 2023 we will further enhance investment teams' focus on impacts of GHG emissions by introducing trade warnings on emitters above certain levels.

			E) Water supply; sewerage, waste management 0,4 GWh / m€ of revenue F) Construction 0,1 GWh / m€ of revenue G) Wholesale and retail trade repair of motor vehicles and motorcycles 0,3 GWh / m€ of revenue H) Transportation and storage 1,1 GWh / m€ of revenue		H) 2,3 GWh / m€ of revenue L) 0,1 GWh / m€ of revenue **Explanatory comments:** Data is based on company disclosed data, there is however a low degree of company disclosed numbers for this metric globally. Companies active in high impact climate sectors generally have much higher 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.	

			L) Real estate activities 0,002 GWh / m€ of revenue			
Biodiversity	Activities negatively affecting biodiversity-sensitive areas (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	N/A	**Eligible assets:** Weight: 79% Measured impact: 0,02 % with negative impacts **Assets with data coverage:** Weight: 62% Measured impact: 0,02% with negative impacts **Explanatory comments:** Data is based on companies that have been linked/identified to having caused negative impacts on biodiversity-sensitive areas. As there can be companies causing negative impacts that have not been identified, or ambiguity concerning the effects, there is a degree of uncertainty in the data and it should be regarded as proxy data. Negative impacts on biodiversity-sensitive areas	**General Approach** In 2022 Danske Bank signed up for the Partnership for Biodiversity Accounting Financials (PBAF) and the Finance for Biodiversity Pledge. Both initiatives enable us to measure, and in the long term, set concrete targets for our impact and dependencies on biodiversity. **Inclusion** During 2022, we have worked to further integrate biodiversity data into our data platform, investment management systems and our sustainability analytical tool mDash. An assessment of

					carries multiple negative effects, including the planet's reduced capacity to sequester carbon, and harming local wildlife and fauna that in some cases already are 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.	high impact sectors have been conducted to understand most material nature impacts and dependencies. **Active Ownership** To support the Global Biodiversity Framework in Montreal, Danske Bank has pledged to engage with 30 companies within material sectors with the highest dependency and impact on biodiversity by we have developed a proprietary biodiversity assessment in order to evaluate the materiality of biodiversity for our portfolios and to identify laggards amongst investee companies. In 2022, we engaged with companies on Biodiversity related

						topics and joined 4 collaborative engagements on biodiversity with FAIRR If a company's biodiversity reporting is not deemed to be in line with demands, a reasonable shareholder proposal requesting further disclosure may be supported according to our Voting Guidelines. During 2022, we supported selected proposals on Biodiversity related topics. **Exclusions** As part of the Enhanced Sustainability Standards screening 32 companies have been excluded on basis of identified significant negative biodiversity impacts.

						Planned actions for year 2023 During 2023, we will further formalize our work around biodiversity impacts and work towards cncrete target setting. Also in the year of 2023 we will further enhance investment teams' focus on impacts of biodiversity by introducing trade warnings on companies with negative biodiversity impacts above certain levels.
Water	Emissions to water (8)	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0,02 tons / m€ invested	N/A	**Eligible assets:** Weight: 79% Measured impact: 0,02 tons / m€ invested **Assets with data coverage:** Weight: 3% Measured impact: 0,6 tons / m€ invested	**General Approach** We expect the companies we invest in to follow the internationally recognised standards related to climate change and the environment whenever relevant.

					Explanatory comments: Data 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. Emissions to (waste) water can flow back to 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 doesn't capture regional requirements nor whether the water has been treated prior to discharging, the severity is regarded as medium	Water is an area with weak and immature sustainability data. This makes it more challenging to address the topic as part of the investment management process. **Inclusion** During 2022, we have worked to further integrate water data into our data platform, investment management systems and our sustainability analytical tool mDash. **Active Ownership** During 2022, we engaged with companies on emissions to water. If the company's water emission reporting is not deemed to be in line with demands, a reasonable shareholder proposal requesting further disclosure may be supported according

						to our Voting Guidelines. During 2022, there where no such propsals within our Voting Scope. **Exclusions** As part of the Enhanced Sustainability Standards screening we have identified 10 companies with high water pollutions. **Planned actions for year 2023** 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.
Waste	Hazardous waste and radioactive waste ratio (9)	Tonnes of hazardous waste and radioactive waste generated by investee companies	20,6 tons / m€ invested	N/A	**Eligible assets:** Weight: 79% Measured impact: 26,0 tons / m€ invested	**General Approach** We expect the companies we invest in to follow the

		per million EUR invested, expressed as a weighted average			**Assets with data coverage:** Weight: 8% Measured impact: 267,1 tons/ m€ invested **Explanatory comments:** Data 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. Data is based on company reported hazardous waste numbers, relying on companies' own definitions. The data should thus be regarded as proxy data. Hazardous waste is a waste with 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	internationally recognised standards related to climate change and the environment whenever relevant. Waste is an area with weak and immature sustainability data. This makes it more challenging to address the topic as part of the investment management process. **Inclusion** During 2022, we have worked to further integrate waste data into our data platform, investment management systems and our sustainability analytical tool mDash. **Active Ownership** During 2022, we engaged with companies on waste. According to our Voting Guidelines, if a company's waste emission reporting is not deemed to be in

					the effects are considered to be irremediable.	line with demands, a reasonable shareholder proposal requesting further disclosure may be supported. During 2022, we supported selected proposals on Non-recycled waste ratio agenda items. **Planned actions for year 2023** 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.

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
Adverse sustainability indicator		Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (10)	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0,04% involved in violations	N/A	**Eligible assets:** Weight: 79% Measured impact: 0,05% involved in violations **Assets with data coverage:** Weight: 96% Measured impact: 0,05% involved in violations **Explanatory comments:** Data is based on companies that have been linked/identified to have violated the minimum social safeguards of UNGC and OECD guidelines through our Enhanced Sustainability Standards Screening. As there can be companies violating UNGC/OECD that have not yet been identified/reported, there is a degree of uncertainty in the data. Interpretations of the indicator may differ.	**General Approach** Danske Bank's Position Statement on Human Rights sets overall expectations for the companies and issuers we invest in. Namely that they adhere to international standards for responsible business conduct such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. **Inclusion** During 2022, we have worked to further integrate UNGC principles or OECD Guidelines for Multinational Enterprises related

					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 and/or OECD guidelines generally have an opportunity to remediate the situation.	data into our data platform, investment management systems and our sustainability analytical tool mDash. **Active Ownership:** During 2022, we engaged with several companies in relation to violations of UN Global Compact principles and/or OECD guidelines. **Exclusions** As part of the Enhanced Sustainability Standards screening 234 companies (excl. Russia related companies) been identified to have significant violations of of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. As a result of the Russian

						invasion of Ukraine, Russian state-owned/affiliated companies were excluded from Danske Invest funds. This meant that a total of 475 investee companies were excluded. **Planned actions for year 2023** At the time of the publication of this document, no specific actions have been planned other than continuing monitoring of compliance with UNGC and OECD Multi OECD Guidelines for Multinational Enterprises.
	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints	9,3% without policies	N/A	**Eligible assets:** Weight: 79% Measured impact: 11,8% without policies **Assets with data coverage:** Weight: 60% Measured impact: 15,4% without policies	See comments provided to indicator 10 above.

	Guidelines for Multinational Enterprises (11)	handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises			**Explanatory comments:** Data is based on companies that lack policies, or grievance/complaints handling mechanisms, to monitor compliance with the UN Global Compact principles or OECD Guidelines for Multinational. 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. Companies that lack policies, or grievance/complaints handling mechanisms, to monitor compliance with the UN Global Compact principles or OECD Guidelines for Multinational may find themselves exposed to violating said principles unknowingly today, or sometime in the future. 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 themselves in non-compliance with	

					UNGC/OECD guidelines, the severity is regarded as medium. The effects are considered remediable.	
	Unadjusted gender pay gap (12)	Average unadjusted gender pay gap of investee companies[8]	0,8% pay gap	N/A	**Eligible assets:** Weight: 79% Measured impact: 1,0% pay gap **Assets with data coverage:** Weight: 7% Measured impact: 11,1% pay gap **Explanatory comments:** Data is based on company disclosures and hence no estimations are used. As there is a limited amount of companies that disclosing relevant data, coverage is however low. The gender pay gap measures a broader concept than pay discrimination and comprehends a large number of inequalities women face in access to work, progression and rewards. This includes pay	**General Approach** The integration of gender pay gap dimension is still in the development phase where expectations on companies are to be developed over time. **Inclusion** During 2022, we have worked to further integrate gender data into our data platform, investment management systems and our sustainability analytical tool mDash. **Active Ownership** During 2022, we engaged with numerous companies in relation to gender

[8] Between female and male employees

					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 won't help women that's been part of the work-force/affected in the past.	pay gap of investee companies. According to our Voting Guidelines, we may vote 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 overa 1 reporting is not seen as sufficient, a proposal requesting for the company to report in line with best practice may be supported. During 2022, we supported selected proposals with gender pay gap related agenda items. **Planned actions for year 2023** 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.
	Board gender diversity (13)	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	13,6% ratio (female directors / total directors)	N/A	**Eligible assets:** Weight: 79% Measured impact: 17,2% ratio **Assets with data coverage:** Weight: 38% Measured impact: 35,7% ratio **Explanatory comments:** Data is based on company's board composition and hence not subject to any data estimations/proxies. 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 company's reported board compositions, the probability of occurrence is regarded as certain. Companies have a possibility to	**General Approach** The integration of board gender diversity is still in the development phase with significant differences in the expectations investors can reasonably set across the regions where we invest. **Inclusion** During 2022, we have worked to further integrate gender data into our data platform, investment management systems and our sustainability analytical tool mDash. **Active Ownership** During 2022, we engaged with companies in relation to Board Gender Diversity. According to our Voting Guidelines, if

					improve/remediate the gender balance in their boards.	both genders are not represented on the Board of Directors, we may vote against the Chair of the Nomination Committee, or other directors on a case-by-case basis, at the General Meeting. We may also engage with companies to encourage them to improve their board gender diversity. If representation accounts for less than 30 percent (or any higher domestic threshold) of shareholder-elected directors, a proposal to address the issue may be supported if the company does not provide guidance for a path to more equal representation During 2022, we supported 8 proposals in relation to Board Gender Diversity items. In

						addition, we also voted against the Board of Directors due to gender diversity thresholds not being met. **Planned actions for year 2023** 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 and further formalising around this indicator in our good governance test.
	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) (14)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0% involvement	N/A	**Eligible assets:** Weight: 79% Measured impact: same as reported impact. **Assets with data coverage:** Weight: 63% Measured impact: same as reported impact.	**General Approach** Danske Bank acknowledges the right of nations to use legitimate weapons for national self-defence and legitimate national security purposes as set forth in the Charter of the United Nations.

					Explanatory comments: Data is based on company reports, or government sources, confirming involvement in controversial weapons. The weapons are considered controversial as their production and use are assessed to be in 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.	We accept that various types of weapons are necessary for achieving internationally accepted goals such as peacekeeping missions. Weapons that are considered controversial as their production and use are assessed to be in conflict with the prohibitions set out in international conventions and national financing prohibitions because of their discriminate effects and the disproportionate harm they cause. This also includes companies that are involved in the stockpiling, transfer or use of these weapons **Exclusions** We have excluded 97 companied identified to have involvement in the following

						controversial weapon activities: Anti-personnel mines, Biological weapons, Chemical weapons, Cluster munition, Nuclear weapons, Nuclear weapons outside the Non-Pro¬liferation Treaty, Depleted uranium ammunition and armour, Incendicary weapons and White phosphorus weapons During 2022, the definition on “Controversial Weapons” in our Exclusion Instruction was further developed to include Depleted uranium ammunition and armour, Incendicary weapons as well as White phosphorus weapons. **Planned actions for year 2023** At the time of the publication of this document, no specific actions have been

						planned other than continues monitoring efforts ensuring no exposures to companies within the controversial weapons category.
Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		**Metric**	**Impact 2022**	**Impact 2021**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Environmental	GHG intensity (15)	GHG intensity of investee countries	37 tCO2e / m€ of country's GDP	N/A	**Eligible assets:** Weight: 12% Measured impact: 311 tCO2e / m€ of country's GDP **Assets with data coverage:** Weight: 12% Measured impact: 313 tCO2e / m€ of country's GDP **Explanatory comments:** The definition of the GHG intensity of investee countries in the regulation includes scope 1, 2 and 3 emissions. This is not the traditional way sovereign emissions are accounted for	**General Approach** As part of our Country Assessment, we screen a country's exposure to and management of sustainability factors, aimed at identifying countries that express weak sustainability practices. The screening framework is based on quantitative factors and a qualitative overlay. It seeks to identify countries with severe

					and available data is limited in this regard. The data factor used provides information on "production emissions", using the same boundary setting as UNFCCC. Anthropogenic (man-made) emissions contribute to global warming. Once emitted, emissions stay in the atmosphere. Anthropogenic emissions takes places continuously and 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.	underperformance on single, or a combination of, sustainability dimensions that also have negative, or 'status quo', sustainability trajectories. 20% of the assessment in the model relates to the indicators CO2 emissions from land use change and forestry, Environmental regulatory framework as well as Low carbon economy. **Active Ownership** During 2022, we have engaged with selected countries on Greenhouse Gas Emissions. **Planned actions for year 2023** 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.
Social	Investee countries subject to social violations (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	A) 62 investee countries subject to violations B) 5,6% of investments	N/A	**Eligible assets:** Weight: 12% Measured impact: 62 investee countries subject to violations (A) 47,1% of investments (B) **Assets with data coverage:** Weight: 12% Measured impact: 62 investee countries subject to violations (A) 47,2% of investments (B) **Explanatory comments:** Data used for the metric includes a spectrum of underlying social issues, including but not limited to freedom of speech and press concerns, death penalty status, human rights concerns etc. Due to the broad nature of social	**General Approach** As part of our Country Assessment, we screen a country's exposure to and management of sustainability factors, aimed at identifying countries that have weak social safeguards. The screening framework is based on quantitative factors and a qualitative overlay. It seeks to identify countries with severe underperformance on single, or a combination of, sustainability dimensions that also have negative, or 'status quo', sustainability

					violations, interpretations of the indicator may differ. Sovereign governments provide the basic framework within which modern societies exist. Through formulating their constitutions, setting national legislation and policies, as well as the effective implementation or enforcement thereof, states actively shape the lives of individuals and companies within their jurisdictions. Countries/elected officials responsible for social violations can contribute to widespread, and long-term negative effects for its citizens. As such, 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 considered irremediable.	trajectories. 40% of the assessment in the model relates to indicators such as for instance 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 ill-treatment, Child labor, Forced labor, Migrant workers, Modern slavery, and Occupational health and safety. **Active Ownership** During 2022, we have not engaged with any countries on social violations. **Exclusions** As a result of the Russian invasion of Ukraine, Russia and

						Belarus issued securities were excluded from Danske Invest funds. **Planned actions for year 2023** 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.

Indicators applicable to investments in real estate assets

Adverse sustainability indicator		Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	Exposure to fossil fuels through real estate assets (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 Bank does not manage investment in real estate assets for our customers.

Energy efficiency	Exposure to energy-inefficient real estate assets (18)	Share of investments in energy-inefficient real estate assets	N/A	N/A	N/A	Danske Bank does not manage investment in real estate assets for our customers.
Other indicators for principal adverse impacts on sustainability factors						
Adverse sustainability indicator		**Metric**	**Impact 2022**	**Impact 2021**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Additional climate and other environment-related indicators						
Indicators applicable to investments in investee companies						
Emissions	Investments in companies without carbon emission reduction initiatives (19)	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	36,0% without initiatives	N/A	**Eligible assets:** Weight: 79% Measured impact: 45,4% without initiatives **Assets with data coverage:** Weight: 62% Measured impact: 57,8% without initiatives **Explanatory comments:** For this metric, data reflects companies that have carbon emission reduction initiatives aimed at aligning with the Paris Agreement if they have set or	See previous emissions related information (indicator 1-6).

					are formally committed to setting carbon reduction targets approved by the SBTI. Interpretations of the indicator may differ. Companies without carbon emission reduction initiatives are more at risk of not decarbonising in-line with established pathways. 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. Given that data is based on companies' current disclosures, probability of occurrence is considered as certain. Companies without carbon reduction initiatives have the possibility to implement adequate reduction initiatives and remediate the situation.	

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 (20)	Share of investments in entities without policies on the protection of whistleblowers	0,1% without policies	N/A	**Eligible assets:** Weight: 79% Measured impact: 0,1% without policies **Assets with data coverage:** Weight: 53% Measured impact: 0,2% without policies **Explanatory comments:** Data does not only reflect the presence of policies on the protection of whistleblowers, but also on the existence of a confidential hotline dedicated to whistleblowing. As such the data should be regarded as proxy data. Companies with insufficient whistleblower protection are at risk of having individuals/business divisions engaging in fraudulent/unethical behaviour where employees do not feel protected in reporting such	**General Approach** Companies are expected to have adequate whistle-blower 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. The integration of whistleblower protection is still in the development phase where further processes will be developed over time. **Planned actions for year 2023** At the time of the publication of this document, no specific actions have been planned other than the

					conduct without fear for reprimands. As such, the absence of whistleblower protection can lead to prolonged periods of corporate misconduct or personal consequences against individuals who correctly reported the incident(s). Lack of whistleblower protection is not equivalent to exposure to activities that should've otherwise been reported through whistleblower channels, hence severity is considered medium. Given that data is based on company policies, the probability of occurrence is regarded as certain. Companies can implement adequate whistleblower protection and remediate the situation.	introduction of a pre-trade warning enhancing the focus on these negative impacts.
Human Rights	Lack of a human rights policy (21)	Share of investments in entities without a human rights policy	10,6% without policies	N/A	**Eligible assets:** Weight: 79% Measured impact: 13,4% without policies **Assets with data coverage:** Weight: 60%	**General Approach** Companies are expected to have a Human rights policy, containing a due diligence process to identify, prevent, mitigate and address adverse human rights

					Measured impact: 17,6% without policies **Explanatory comments:** Data 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. Companies without a human rights policy are more at risk of contributing to human rights violations. Lack of 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	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. **Active Ownership** Companies lacking a human rights policy, or that are suspected to be involved in human rights violations, will be engaged with. During 2022, we engaged with several companies related to human rights policies/practices. If a company has not published a policy that reflects the aforementioned points, 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. We supported the majority of proposals aimed to establish Human Rights Risk Assessments. **Exclusions** As part of the Enhanced Sustainability Standards screening have 11 companies been indentified to have human rights violations and are therefore excluded from the portfolios. **Planned actions for year 2023** 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.

Indicators applicable to investments in sovereigns and supranationals						
Governance	Average corruption score (22)	Measure of the perceived level of public sector corruption using a quantitative indicator explained in the explanation column	0,24 is the average corruption score	N/A	**Eligible assets:** Weight: 12% Measured impact: 2,0 **Assets with data coverage:** Weight: 12% Measured impact: 2,0 **Explanatory comments:** Data 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. Corruption can be defined as "the abuse of entrusted power for private gain". The suite of activities understood to be 'corrupt' varies between organisations and governments, it can include bribing foreign public officials, bribing domestic public officials, improper trading, embezzlement, and obstruction	**General Approach** As part of the Country Assessment, we screen a country's corruption. This governance criteria constitute a weight of around 13% of the overal score. **Active Ownership** During 2022, we have engaged with selected countries on corruption matters. **Planned actions for year 2023** 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.

					of justice, among others. Given the societal-scale detrimental effects of corruption, 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 certain. Given the complexity and long timelines associated with "cleaning out" corruption, the effects are considered irremediable.	
	Non-cooperative tax jurisdictions (23)	Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes	0,03% non-cooperative jurisdictions	N/A	**Eligible assets:** Weight: 12% Measured impact: same as for measured impact **Assets with data coverage:** Weight: 12% Measured impact: same as for measured impact **Explanatory comments:** Data is based on EU's list of non-cooperative jurisdictions for tax purposes and is thus not subject to any estimations.	**General Approach** As part of the Country Assessment, qualitative screening we consider whether there are countries that do not get captured by the quantiative assessments, and hence should beadded to the final exclusions list. As part of the qualitative overlay, the process also reviews the following sources:

					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.	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". Any country listed on any of the three lists outlined above, that is not subject to exclusion, must be placed on the watchlist. A watchlist is maintained to monitor countries that are assessed as performing weak on certain sustainability dimensions, but do not meet exclusionary criteria. **Active Ownership** During 2022, we have had one engagement on tax related issues

						Planned actions for year 2023 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.
	Average rule of law score (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	0,26 is the average rule of law score	N/A	**Eligible assets:** Weight: 12% Measured impact: 2,2 **Assets with data coverage:** Weight: 12% Measured impact: 2,2 **Explanatory comments:** Data provides 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	**General Approach** As part of the Country Assessment, we screen a country's rule of law. This governance criteria constitute a weight of around 13% of the overal score. **Planned actions for year 2023** At the time of the publication of this document, no specific actions have been planned

					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+). Rule of law serves as a check on abuses of private and state power, ensuring fair access and equitable justice. On a broader level, the 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.	planned other than the introduction of a pre-trade warning enhancing the focus on these negative impacts.

Policies to identify and prioritise principal adverse impact on sustainability factors

Governance and organisational framework

The Responsible Investment Policy of Danske Bank adopted by the Board of Directors on 16 December 2022 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, with input from 2nd Line Risk Management, Compliance, the ESG Integration Council and other relevant stakeholders. The Responsible Investment Policy is approved with endorsement by the Responsible Investment Committee and Business Integrity Committee of Danske Bank A/S.

The responsibilities for the implementation of the Responsible Investment Policy are outlined in the policy, with the Responsible Investment Committee guiding its execution. The Responsible Investment Policy and its commitments to identify and prioritise principal adverse impacts are further operationalised through underlying instructions with supporting guidelines.

Methodologies

Principal adverse impacts are identified through screening of external impacts of an investee company's or sovereign's activities that may significantly affect society and environment. The screening focuses on the PAI Indicators that always lead to principal adverse impacts and additional indicators we have committ ed ourselves to assess, as outlined in this statement.

Subject to data availability, the selection of additional adverse impact indicators follows the methodology/guiding principle of selecting the indicato rs which are deemed most relevant to consider based on our investment management philosophy, exposures as well as data quality. We are continuously striving to expand the list to ensure that our processes capture negative dimensions to the largest extent possible.

For the purpose of performing prudent due diligence, investment teams review financial and sustainability information from multiple data sources (including but not limited to company reports and third -party investment research). Tools, knowledge, research, education and subject-matter expertise are provided to the investment team to support the due diligence processes. The strength of this bottom-up approach is a solid foundation of data, tools and resources that enables the investment teams to address princip al adverse impacts. Also, from 2023, the trading/compliance platforms used by our investment teams will enable an integrated pre-trade warnings capturing weak performance on the indicators. Essentially the trading platform will ensure that when a portfolio manager of an actively managed strategy is placing a trade for a security/issuers that has been assessed as negative performance on one or more principal adverse impact indicators, the portfolio manager will receive a warning to prompt further due diligence of the issuer. This does not apply to strategies managed through external managers. Other sustainability data is also integrated into these trading platforms and analytical tools to seamlessly integrate considerations in portfolio managers' regular work-flows/security views.

Involvement in sustainability related controversies, practices, or other activities considered unacceptable and/or significant principal adverse impacts on sustainability factors is captured by our enhanced sustainability standards screening leading to exclusion of conduct and activities deemed harmful to society. The enhanced sustainability standards screening is Danske Bank's proprietary model which supports exclusions of companies that are engaged in activities and conduct harmful to society within ourinvestment universe. Enhanced sustainability standards is a quarterly 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 is undertaken based on data from multiple sustainability data providers (ISS, MSCI, Sustainalytics), our investment teams, Danske Bank group position statements and as well as other relevant sources and stakeholders (e.g. NGOs).

Find more information on our Responsible Investment Policy, Exclusion Instruction, Enhanced Sustainability Standards Screening and Excluded Investments on https://danskebank.com/sustainability-related-disclosures.

Dataset used for reporting and margin of error

The measurement of adherence and alignment as well as reporting on principal adverse impact indicators is in general based on data from one external provider of sustainability data.

The data provider, ISS ESG, has been selected on basis of a thorough due diligence process. This means that dimensions such as models used, data coverage and alignment of the definitions outlined in SFDR have been scrutinised. More information on ISS' methodology (ISS ESG SFDR Principal Adverse Impact Solution – Data Dictionary) is available through ISS ESG.

In utilising ISS as vendor no direct collection of data is in overall done from the companies or issuers that we invest into. We engage with ISS in cases where data appears incorrect or if there are significant data gaps.

As of November 2022, ISS ESG had data coverage for up 7 400 issuers for corporate principal adverse impacts, up to 26 000 Issuers for corporate controversies linked principal adverse impacts and up to 190 countries for sovereign and supranational assets. The data coverage on individual principal adverse impacts may vary greatly, dependent of the quality of the corporate disclosures. At this point in time, it is difficult to assess the general magnitude of the margin of error in respect to the reported impacts, but it is expected to be substantial. 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 impacting the reports.

For investments managed through external funds, where data on the PAI Indicators might not be available we will for future reference periods strive to collect missing data from external managers by leveraging the European ESG Template (EET) (if possible).

The illiquid fund universe managed by our alternative investment solutions is also challenged by lack of data in respect to sustainability-dimensions such as the PAI Indicators. To mitigate potential data gaps, Danske Bank has signed up for the ESG Data Initiative launched by ATP. The purpose of this initiative is to share and request data (including on the PAI Indicators) through an industry coordinated approach from the alternative investment fund managers. While the initiative has not enabled us to leverage 2022 data from these managers, we expect that this will help us mitigate data gaps in the forward-looking as the process matures.

Derivatives are captured by our PAI impacts reporting but challenged in respect to mapping of the impacts of the underlying instrument to the derivative. For security lending and single CFDs (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.

Engagement policies

In Danske Bank, the approach to active ownership is governed through the Active Ownership Instruction and Voting Guidelines. As stated in the Active Ownership Instruction, Danske Bank leverages Active Ownership to influence the impact that issuers have on sustainability-related matters, and thereby make a positive contribution to society. As such Danske Bank can exercise Active Ownership when req uired in order to manage principal adverse impacts, including adverse impacts managed through our Net Zero commitments under the Net Zero Asset Managers Initiative. Our framework and infrastructure support considerations of all indicators and with such considerations to be further outlined in underlying engagement (including voting) guidelines. Further, we expect that the measurements and reported figures on the PAI Indicators in the PAI Table will even further strengthen our approach to Active Ownership in respect to the PAIs and trigger relevant actions.

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. Our investment teams 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 principal adverse impacts.

Investment teams can use their 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, investment teams focus on supporting companies' long-term value creation. The dialogue also provides our 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 consider our 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.

We are a member of several investor organisations and investor initiatives, and we collaborate with a range of other relevant stakeholders. By doing this, we aim to contribute to the development of responsible investments and to promote transparency and sustainability standards in companies and in the financial markets. 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.

We use our voting rights 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. We vote on a wide array of topics, including remuneration policies, capital structur e and shareholders' rights, CO2 emissions, energy efficiency, gender diversity, biodiversity, human rights and anti- corruption. Through voting, we seek 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 our voting guidelines can be found on our voting portal.

Find more information in our Active Ownership Instruction and Voting Guidelines on https://danskebank.com/sustainability-related-disclosures.

References to international standards

We prioritise the management of principal adverse impacts in accordance with Group positionstatements and other sustainability-related strategies and commitments. This includes but is not limited to the following international 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), The Task Force on Climate-related Financial Disclosures (TCFD), CDP (formerly Carbon Disclosure Project), 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). In addition, standards are indirectly referred to in Danske Bank Group position statement on Agriculture, Climate Change, Fossil Fuels, Mining and Metals, Arms and Defence, Forestry and Human Rights.

Danske Bank Asset Management has further joined the Net Zero Asset Management Initiative (NZAMI), committing to reaching net-zero emissions by 2050 or sooner across all assets under management, in line with the Paris Agreement. To support this commitment, we have set concrete emission intensity and engagement targets. In addition, we have also set temperature rating targets for our asset management manufactured investment products (funds, managed accounts & Pulje). Our Science Based Target initiative (SBTi) based temperature rating targets are set for our listed equities and credits and will help identify companies that have Paris-aligned transition plans in place by providing a single number to assess companies' transition plans. The approach is a method to determine a portfolio's current 'temperature value' based on the emissions reduction targets of the invested companies. Over the course of the next few years, the targets will be further developed and implemented on specific investment products and portfolios. Find more information on these targets in our Climate Action Plan on https://danskebank.com/sustainability-related-disclosures.

Historical comparison

The earliest historical comparison will be provided in June 2024

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
30 December 2022	4.0	Aligned with Annex 1 Template Updated based on the updated Responsible Investment Policy Updated based on the updated Active Ownership Instruction Updated based on the updated Exclusion Instruction
23 January 2023	4.1	Summary section updated
30 June 2023	4.2	Reporting on 2022 principal adverse impacts included Further nuanced descriptions on Identification of principal adverse impacts.