

Statement on the integration of sustainability risks in decision-making processes and in investment and insurance advice

DECEMBER 2022
VERSION 1.0

Purpose

Pursuant to Article 3 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"), this statement provides information on how Danske Bank A/S ("Danske Bank") integrates sustainability risks in the investment decision-making process, when providing portfolio management services, and in selecting products to offer investment and insurance advice on.

Sustainability risk

SFDR defines "sustainability risk" as an environmental, social or governance (ESG) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

Danske Bank applies the definition of sustainability risk in SFDR.

Sustainability risks relate, among other things, to the following topics:

Environment: Energy consumption and efficiency; extreme weather events such as floods and strong winds; pollution incidents; biodiversity or marine habitats damage.

Social: Inclusion/inequality; labour strikes; health and safety incidents such as injury or death; product safety issues.

Governance: Tax evasion; discrimination within a workforce; inappropriate remuneration practices; lack of protection of personal data.

Integration of sustainability risks

Danske Bank integrates sustainability risks when performing portfolio management services and in the selection process of products to offer investment and insurance advice on through the consideration of sustainability factors.

SFDR defines sustainability factors as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Portfolio management services

As a part of our fiduciary duties to customers, we are committed to identify negative risk exposures with a financial impact on the investments that we manage on behalf of our customers. This implies a duty to systematically identify and manage sustainability factors that may pose a risk of causing material negative impact to the value of an investment (sustainability risk) and to integrate considerations of such factors into our investment products.

Our commitment to integrate sustainability risks in our portfolio management services is enshrined by the Responsible Investment Policy adopted by the Board of Directors of Danske Bank as implemented through our Sustainability Risk Integration Instruction. The Policy and the underlying Instruction can be found on Danske Bank's website www.danskebank.com/sustainability-related-disclosures.

Whereas the Responsible Investment Policy states the overall expectations on how sustainability risks are to be managed in the Danske Bank Group, the Sustainability Risk Integration Instruction contains detailed information on how our investment teams identify, manage, and monitor sustainability risks and how that work is supported and overseen by other functions in the bank.

Further, in the Sustainability Risk Integration Instruction you may find detailed information on how we approach sustainability risk dimensions for different asset classes and different sustainability risk factors we have identified as relevant to these asset classes.

Investment and insurance advice

With outset in Danske Bank's Treating Customers Fairly Policy, sustainability risks are integrated in the selection process of products to offer investment and insurance advice on as well as in the advisory process.

Danske Bank provides investment advice on selected Undertaking for Collective Investment in Transferable Securities (UCITS) and Alternative Investment Funds (AIFs). Danske Bank also provides insurance advice on selected Investment Based Insurance Products (IBIPs). Sustainability is integrated in our global investment and insurance advice by taking into account customers' preferences for sustainability and informing them about the risks associated with ESG.

Notwithstanding our customers' sustainability preferences, when selecting products for advisory portfolios, we construct our advice taking into account sustainability factors in conjunction with financial factors in order to identify sustainability risks and at the same time investment opportunities. Further, methods like active ownership and screening are applied for most funds in advisory portfolios in order to manage sustainability risks. We are on an ongoing basis monitoring the funds used in our advisory portfolios, to ensure that they follow our standards.

Change log

| Date | Version number | Comments/changes |
|------------------|----------------|--|
| 29 December 2022 | 1.0 | <p>Statement on integration of sustainability risks in decision-making processes and in investment and insurance advice created.</p> <p>The statement replaces website text on the integration of sustainability risks, which has been in place since 10 March 2021. The website made reference to Danske Bank's Responsible Investment Policy and Sustainable Finance Policy, which, at that time, stated the overall expectations for the integration of sustainability risks in decision-making processes and in investment and insurance advice.</p> |