



2017 results

Carbon footprint measurements on selected Danske Invest funds



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Better insights into the carbon footprint on selected Danske Invest funds

The Montreal Carbon Pledge is a global initiative where investors commit to disclosing the carbon footprint of their investments. The Pledge is supported by the United Nations Environment Programme Initiative (UNEP FI) and PRI.

As signatory to the Montreal Carbon Pledge, Danske Bank is committed to publishing the carbon footprint on a number of our Danske Invest funds.

In 2017, we continued to focus our efforts on measuring carbon footprint for two types of funds; restricted equity funds and our sustainable bond fund. Please find the results on page 4 and 5.

Measuring and disclosing carbon footprint on funds help investors gain better insights into other parameters than expected return and risks, when making their investment decisions. By looking at the carbon intensity of the fund, investors gain a better understanding of how the fund performs in terms of climate-related impacts, risks and opportunities.

We will work to broaden our scope for number of funds included in our carbon footprint measurements as data quality increases and common business standards emerge.

How we measure the carbon footprint in equity funds

There are several ways to compute carbon footprints of funds. We compute the carbon footprint of our funds by measuring the scope 1 emissions (direct emissions from own facilities) and scope 2 emissions (emissions from purchased energy) relative to the companies' revenue. Each company's contribution to the carbon footprint of the portfolio is calculated on an equity ownership basis - e.g. if we own 10% of a given company, we calculate 10% of their emissions and 10% of their revenue as the basis for the carbon footprint calculation.

The fund's total carbon footprint is calculated from the sum of the companies' CO₂ emissions, normalised by the companies' revenue. This gives us a measure of how CO₂-intensive the funds are.

The CO₂-emissions from each company depend on the company's ability to manage their emissions, but we are aware that average emission levels vary a great deal between sectors. Sectors which mainly have office buildings tend to have low emissions while sectors with factories tend to have higher emissions.



Our method

Our method for computing the carbon footprint of equity funds is based on the recommendations made by the Swedish Investment Fund Association (Fondbolagens Förening), with two minor changes

1. We report relative to USD (the recommendations are based on SEK)
2. We report on funds regardless of the data coverage, and we report the data coverage (the Swedish Investment Fund Association recommend only reporting on funds with at least 75% data coverage).

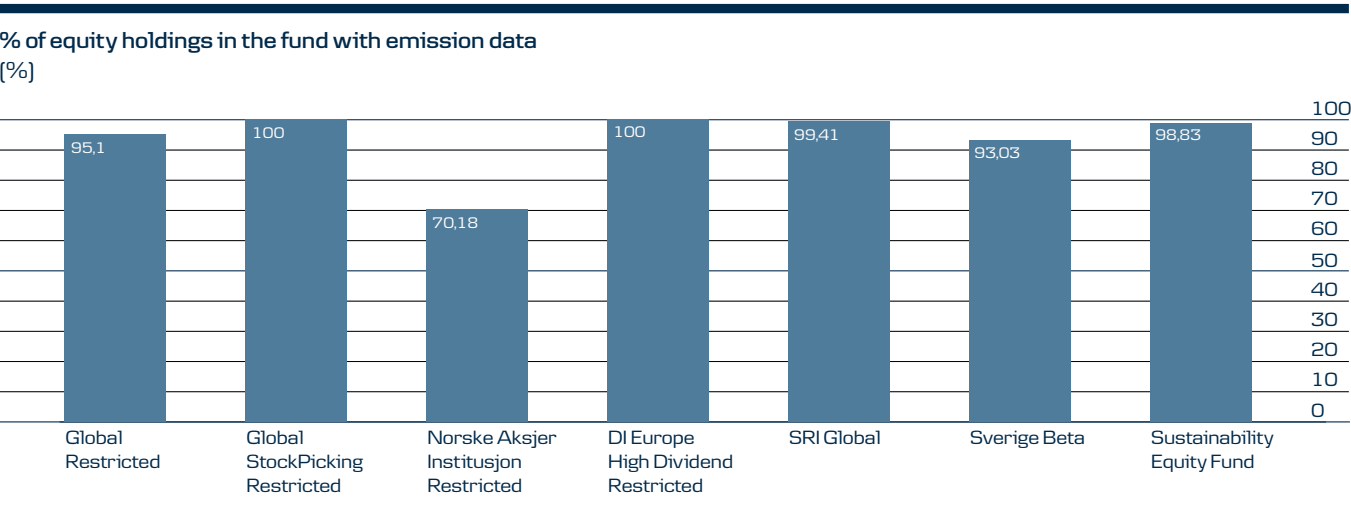
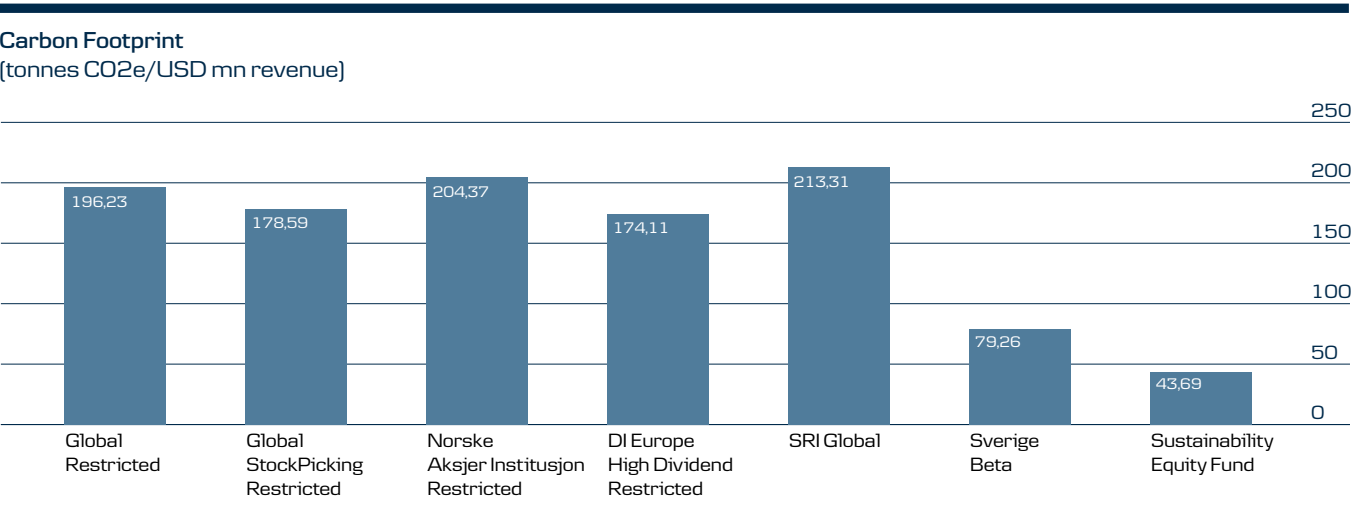
The full text of the guidelines from the Swedish Investment Fund Association is found [here](#).

Trucost provides all data on company-level CO₂ emissions.



Carbon footprint measurements 2017

For all of the reported funds, we have emissions data on majority of the holdings in the fund. Below is an overview of the percentages of the equity holdings in the funds, which we have emission data on.





European Corporate Sustainable Bond Fund

It is not possible to use the same methodology for bonds, as we use for equities, since the method for equities is dependent on ownership of the companies within the fund. Hence, the carbon footprint for our European Corporate Sustainable Bond Fund is calculated as the weighted average of the carbon intensity of each company in the fund. This gives us the carbon exposure of the fund, which is a measure of how exposed the fund is towards carbon intensive companies.

