Danske Bank

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Statement on principal adverse impacts of investment and insurance advice on sustainability factors

1. Purpose
The EU Sustainable Finance Disclosure Regulation ("SFDR") requires Danske Bank A/S ("Danske Bank"), in its capacity as a financial adviser, to disclose whether it considers the principal adverse impacts ("PAI") on sustainability factors in its investment and insurance advice. This statement aligns with Article 4(5) of SFDR and Article 11 of the Commission Delegated Regulation (EU) 2022/1288 ("SFDR Delegated Regulation").

Pursuant to Article 11(1) and Article 11(2) of the SFDR Delegated Regulation, Danske Bank is required to publish statements relating to both investment advice and insurance advice. As this statement covers both areas, it is structured to clearly distinguish between content relating to investment advice and content relating to insurance advice.

2. Scope
The scope of this statement is limited to investment and insurance advice on financial products as defined under SFDR. This includes Mutual Funds (including Danish UCITS established as investeringsforeninger), Exchange Traded Funds ("ETFs"), Portfolio Management Services, Alternative Investment Funds ("AIFs") as well as pension products (including Investment Based Insurance Products ("IBIPs")). For the purpose of this statement these are collectively referred to as "financial products". Danske Bank provides investment and insurance advice on both financial products manufactured internally within Danske Bank Group and financial products manufactured by third-party asset managers.

3. Description of principal adverse impacts
SFDR defines principal adverse impacts as the negative, material or likely to be material effects on sustainability factors caused, compounded by or directly linked to investments, with sustainability factors referring to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

SFDR requires the manufacturers of the financial products (referred to as financial market participants in SFDR) to disclose whether, and if so, how they consider PAI of investment decisions on sustainability factors, and also whether, and if so, how their financial products consider PAI on sustainability factors. The SFDR Delegated Regulation defines 18 mandatory PAI indicators and several additional voluntary indicators that financial market participants are required to report on when considering PAI of investment decisions on sustainability factors. These indicators can be used, in whole or in part, to measure the PAI of investments in financial products on sustainability factors.

The PAI disclosures made available by financial market participants can be used by financial advisers as a basis for considering PAI on sustainability factors in their investment and insurance advice.

4. Part 1: Investment advice (UCITS, ETFs, AIFs and Portfolio Management Services)

4.1. Considerations of PAI
Danske Bank provides investment advice on selected Mutual Funds (including Danish UCITS established as investeringsforeninger), ETFs, AIFs and Portfolio Management Services. While Portfolio Management Services are considered a service under MiFID II, they constitute a financial product within the meaning of SFDR and are accordingly included in this statement.

Portfolio Management Services offered by Danske Bank include both standardised portfolio management solutions and more discretionary portfolio management. The process for considering PAI may differ between these types of services: for standardised portfolio management solutions, PAI considerations are embedded in the construction of the standardised portfolios; for more discretionary portfolio management, PAI are considered on an ongoing basis in the context of the individual portfolio's investment strategy and the client's sustainability preferences.

Danske Bank considers PAI on sustainability factors when selecting financial products for inclusion in its advisory universe and takes customers' sustainability preferences into account when providing investment advice. This consideration is based on the information made available by financial market participants, including in particular, their statements on principal adverse impacts on investment decisions on sustainability factors and other relevant PAI disclosures relating to the relevant financial products.

The majority of financial products included within Danske Bank's advisory universe consider PAI on sustainability factors. A limited number of products that do not themselves consider PAI may also be included in the advisory universe when considered appropriate for reasons of diversification, asset class exposure, portfolio construction, risk-return considerations or the availability of suitable alternatives. Financial products that do not consider PAI are only recommended to customers who have expressed no specific sustainability preferences.

4.2. Internal financial products

The majority of Danske Bank's advisory services relate to financial products manufactured by Danske Invest Management A/S, Danske Bank's wholly owned subsidiary, and Portfolio Management Services managed by Danske Bank Asset Management.

Danske Invest Management A/S considers the PAI of its investment decisions by integrating sustainability risks and applying inclusion and exclusion frameworks as well as active ownership. The investment advice provided by Danske Bank in relation to products manufactured by Danske Invest Management A/S is based on the sustainability disclosures provided in the product information made available by Danske Invest Management A/S, including in particular the statement on principal adverse impacts on investment decisions on sustainability factors.

PAI are addressed in Portfolio Management Services according to their materiality and type, as well as the nature and commitments of the individual products, and are measured through the mandatory and voluntary indicators outlined in the SFDR Delegated Regulation. In addressing PAI, Danske Bank Asset Management integrates sustainability risks and applies tools such as inclusion and exclusion frameworks as well as active ownership. These tools collectively form the framework through which Danske Bank Asset Management identifies, prioritises and mitigates adverse impacts in Portfolio Management Services

4.3. Third-party financial products

Danske Bank's advisory universe also includes financial products managed by third-party asset managers. Danske Bank requires all third-party asset managers of investment funds included in its advisory universe to be signatories to the UN Principles for Responsible Investment ("UN PRI") or to demonstrate equivalent responsible investment commitments and practices. Danske Bank performs ESG-related due diligence on managers and investment funds prior to inclusion in the advisory universe and conducts ongoing monitoring thereafter. Danske Bank's assessment includes a review of managers' sustainability-related policies and practices, including exclusion frameworks, ESG integration methodologies, engagement activities, and the extent to which managers and products consider PAI within their investment processes.

In addition, Danske Bank screens underlying fund holdings on a semi-annual basis against Danske Bank's exclusion criteria, including activities considered non-ethical or controversial and activities deemed to have significant negative climate impacts. The investment advice provided in relation to third-party products is based on information found in the product information made available by the relevant third-party asset managers in accordance with SFDR.

4.4. Ranking, selection and thresholds

PAI information constitutes one element of the broader assessment applied by Danske Bank when selecting financial products for its advisory universe. PAI indicators and related disclosures are taken into account as part of this assessment, rather than as a standalone ranking or selection criterion. Danske Bank does not apply specific PAI-based thresholds as an independent basis for the inclusion or exclusion of financial products in its advisory universe.

5. Part 2: Insurance advice

5.1. Considerations of PAI

Danske Bank provides insurance advice on relevant financial products within the scope of SFDR. Sustainability is integrated into Danske Bank's insurance advice by taking into account customers' preferences for sustainability and informing them about the risks associated with sustainability factors.

Danske Bank considers PAI on sustainability factors when selecting financial products for inclusion in its advisory universe. This consideration is based on the information made available by the financial market participants, including in particular, their statements on principal adverse impacts on investment decisions on sustainability factors and other relevant PAI disclosures relating to the relevant financial products.

The majority of financial products included within Danske Bank's advisory universe consider PAI on sustainability factors. A limited number of products that do not themselves consider PAI may also be included in the advisory universe when considered appropriate for reasons of diversification, asset class exposure, portfolio construction, risk-return considerations or the availability of suitable alternatives. Financial products that do not consider PAI are only recommended to customers who have expressed no specific sustainability preferences.

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