

# How to read the SFDR annexes

## Funds categorised under SFDR Article 8 and 9

The SFDR-annexes provide information on how and to which extent sub-funds have succeeded in attaining their respective environmental and/or social characteristics and/or met their sustainable investment objective in the reference year. The annexes supplement the financial statements in the annual report and are based on requirements to format, structure and content set out in the Sustainable Finance Disclosure Regulation (SFDR) and Taxonomy Regulation.

The SFDR annexes cover the reference period of 1 January 2024 – 31 December 2024.

The sustainability-related performance of the sub-funds is demonstrated against selected sustainability indicators which in general are reported through average values. Where relevant, the SFDR-annexes state the so-called “binding elements” for the respective environmental and/or social characteristics or sustainable investments commitments that the sub-funds are reporting their performance against, which may be integrated through inclusions, exclusions and/or active ownership processes. Further information on Danske Invest Management A/S’ general approach to responsible investment these processes is available at:

[https://www.danskeinvest.lu/page/responsible\\_investments\\_insight](https://www.danskeinvest.lu/page/responsible_investments_insight)

Information on data sources, sustainability indicators and monitoring relevant for the specific sub-funds can be found in the document “sustainability-related disclosures” accessible through the link.

No universally accepted framework (legal, regulatory, or others) currently exists in relation to sustainability related data, information, and assessments. The reporting aims to account for incomplete and inconsistency in the data points and to provide a transparent and easy-to-understand representation of the sub-funds’ performance. Data sources used for the selected sustainability indicators are assessed by the Responsible Investment team in Danske Bank on a continuous basis. The assessments include, but are not limited to, assessments on data coverage, data quality, methodology, costs, and other Danske Bank operational considerations.

Sustainability-related data, information, and assessments is however not comparable to that of financial information. This implies a risk of misrepresentation of data on sustainability-dimensions or impacts associated to an investment. Despite diligent due diligence in the onboarding of data and other resource and cost proportional considerations in place to ensure the accuracy, completeness, and reliability of the data, it is not possible to verify nor guarantee, directly or indirectly, the complete correctness of the underlying data. Therefore, a certain margin of error is still to be expected.

How sustainability-related data, information and assessments are utilized is subject to the specific models, methodologies, and processes applied and governed by Danske Bank’s Responsible Investment Policy, Instructions as well as Guidelines.

For the reading the of the SFDR-annexes, please refer to the text boxes and descriptions in the annexes, the overview of the terms/definitions used below, and for reading the PAI tables, the separate guidance provided below (see ‘How to Read the PAI Table in the SFDR Annexes’).

# Definition list

<b>Active Ownership</b>	Use of ownership and shareholder rights to impact the activities or behaviour of companies and/or issuers as further set-out in the Active Ownership Policy of Danske Invest Management A/S
<b>Benchmark</b>	Performance metric used for comparison of performance
<b>Environmental and/or social characteristics</b>	Environmental and/or social characteristics integrated in the investment process through inclusion, exclusion and/or active ownership
<b>ESG</b>	Standard term for environmental (“E”), social (“S”) and governance (“G”) aspects
<b>ESG-score</b>	Score measuring issuers’/companies’ management of ESG aspects. The score is based on a model developed by Danske Bank.
<b>Exclusions</b>	The exclusion of companies/issuers based on pre-defined criteria and thresholds, or qualitative assessment criteria (including norms assessments) as further described in the Exclusion Instruction of Danske Invest Management A/S
<b>Inclusions</b>	The inclusion of companies/issuers based on sustainability-related considerations in accordance with Inclusion Instruction of Danske Invest Management A/S
<b>PAI-Indicators</b>	Indicators for the principal adverse impacts on sustainability factors as defined in the Commission's Delegated Regulation (EU) 2022/1288
<b>SDGs</b>	Sustainable Development Goals of the United Nations
<b>Sustainable Finance Disclosure Regulation or SFDR</b>	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector
<b>Sustainability factors</b>	Environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.
<b>Sustainable investment</b>	Investments targeting economic activities that contribute to environmental and/or social objectives without significantly harming such objectives while considering good governance
<b>Taxonomy Regulation</b>	Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments

## How to Read the PAI Table in the SFDR Annexes

This part of the reading guide is intended to assist in understanding the principal adverse impacts (PAIs) reported by the sub-funds in the SFDR annexes.

The principal adverse impacts should be understood as the significant or likely significant negative impacts on sustainability factors that are caused by, exacerbated by, or directly linked to investments. Departments that have committed to considering these factors report annually in the SFDR Annexes the measured impact for the year. The reporting is based on 16 mandatory PAI indicators as well as the following additional six PAI indicators which are further detailed below.

The PAI indicators are divided into those applicable solely to investments in investee companies and those applicable to investments in states and supranational entities. Sub-funds report only on the indicators relevant to the funds' investments. For example, a sub-fund investing in equities will not report against the PAI indicators applicable to states.

The reports are based on average of measured quarterly values for the year.

For the majority of indicators, data from ISS ESG is primarily used. The data coverage varies for each indicator, so the measured figures should be read with that reservation why the PAI tables in the annexes also contain information on data coverage.

### PAI Indicators:

#### **Greenhouse Gas (GHG) emissions**

##### **Scope 1 GHG Emissions (tons):**

means Green House Gas (GHG) emissions generated from sources that are controlled by the investee company that issues the underlying assets. The indicator measures Scope 1 GHG emissions of investee companies expressed as tons of CO<sub>2</sub> equivalent. The higher the number of reported Scope 1 GHG emissions the greater the adverse impact.

##### **Scope 2 GHG Emissions (tons)**

means GHG emissions from the consumption of purchased electricity, steam or others sources of energy generated upstream from investee companies. The indicator measures Scope 2 emissions of investee companies expressed as tons of CO<sub>2</sub> equivalent. The higher the number of reported Scope 2 GHG emissions the greater the adverse impact.

##### **Scope 3 GHG Emissions (tons)**

means indirect GHG emissions not covered by Scope 1 and Scope 2 that occur in the value chain of investee companies, including both upstream and downstream emissions, in particular for sectors with a high impact on climate change and its mitigation. The indicator measures Scope 3 emissions of investee companies expressed as tons of CO<sub>2</sub> equivalent. The higher the number of reported Scope 3 GHG emissions the greater the adverse impact.

##### **GHG Emissions Total (tons)**

means the total GHG emissions from investee companies including Scope 1, Scope 2 and Scope 3 expressed as tons of CO<sub>2</sub> equivalent. The higher the number of reported total GHG emissions the greater the adverse impact. Carbon footprint (tCO<sub>2</sub>e / m€ invested).

##### **Carbon Footprint (tCO<sub>2</sub>e/mio. EUR invested)**

means the total GHG emissions emitted per million invested, i.e. the emissions based on invested amount. The larger the carbon footprint, the greater the impact GHG intensity of investee companies.

##### **GHG Intensity (tCO<sub>2</sub>e/mio. EUR revenue)**

means the total GHG emissions per million of revenue from the investee companies, i.e. the amount of GHG emitted per euro in revenue generated. The higher the reported GHG intensity, the greater the impact.

##### **Exposure to companies active in the fossil fuel sector (share of investments %)**

means the share of investments invested into investee companies that derive any revenue from fossil fuel, i.e. revenues from exploration, mining, extraction, production,

processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels. The larger the share, the greater the exposure to investee companies in the fossil fuel sector.

**Share of non-renewable energy consumption** – the share of investments in investee companies' consuming energy sources other than renewables/non-fossils. The higher the number, the greater the share of non-renewable energy consumption by investee companies, compared to consumption from renewable energy sources.

**Share of non-renewable energy - production** means the share of investee companies producing energy sources other than renewables/non-fossils. Non-fossils in that respect cover wind, solar. The higher the number, the greater the share non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources.

**Energy consumption intensity per high impact sector (GWh pr. million of revenue)** means consumption in Gigawatt hour (GWh) per million euro of revenue for each high impact sector. High impact sectors are such that are defined by EU Commission. Investee companies active in high impact climate sectors generally have much higher emission profile compared to companies in other sectors.

**Investments in companies without carbon emission reduction initiatives** means the share of investee companies without carbon reduction initiatives. The higher the number, the greater the share of investments in investee companies without carbon reductions initiatives.

#### **Biodiversity**

**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** means the weight of investments in investee companies that are directly involved in controversies that negatively affect biodiversity sensitive areas. 'Activities negatively affecting biodiversity-sensitive areas' means activities that (a) lead to the deterioration of natural habitats and the habitats of species and disturb the species for which a protected area has been designated; where (b) none of the conclusions, mitigation measures or impact assessments adopted pursuant to defining regulatory frameworks or their equivalents have been implemented. The higher the number, the larger the share of investments in investee companies whose sites or operations are located in or near biodiversity sensitive areas, where their activities have adverse effects on these environments.

#### **Water – Emissions to water**

**Tonnes of emission to water generated by investee companies per million EUR invested (weighted average)** means emissions of priority substance (waste) such as direct emissions of nitrates phosphates and pesticides. This indicator discloses tons of chemical emissions into water by the investee companies per million invested.

The higher the number of emissions, the greater the adverse impact.

#### **Hazardous waste**

**Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested (weighted average)** means waste with properties that make it dangerous or are capable of having a harmful effect on human health or the environment, such as explosive, irritant or infectious substances. This indicator discloses tons of hazardous waste by the investee companies per million invested.

The higher the number, the greater the adverse impact.

#### **Social and employee matters**

<b><i>Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (share of investments)</i></b>	means the share of investments in investee companies in violation of UN Global Compacts Principles (UNGS) and OECD Guidelines for Multinational Enterprises (“guidelines”). UN GC principles are the ten Principles of the United Nations Global Compact. The higher the number, the greater the share of investments in investments in companies that are in violation of UNGC principles and OECD guidelines.
<b><i>Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (Share of investments without policies to monitor)</i></b>	means the share of investee companies that lack policies or grievance/complaints handling mechanisms, to monitor compliance with the UNGC principles or OECD guidelines. This indicator discloses the share of investments in investee companies lacking processes and compliance mechanisms. The higher the number, the greater the share of investments in investee companies lacking processes and compliance mechanisms.
<b><i>Unadjusted gender pay gap (average)</i></b>	means the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees. The higher the number, the greater the average gender pay gap among the investee companies.
<b><i>Board gender diversity (Average ratio of female to male)</i></b>	means the administrative, management or supervisory body of an investee company. This indicator discloses the average ratio of female to male board members in the fund’s investee companies. The lower the ratio, the smaller the representation of female board members, and the greater the gap to the male representation.
<b><i>Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) (Share of investments)</i></b>	means anti-personnel mines, cluster munitions, chemical weapons and biological weapons) (Share of investments).
<b><i>Insufficient whistleblower protection (Share of investments without policies on the protection of whistleblowers)</i></b>	means a natural person who reports or publicly discloses information on breached acquired in the context of his or her work-related activities.  This indicator discloses the share of investments in investee companies with insufficient of policies on the protection of whistleblowers. The higher the share, the greater the weight of investments in investee companies with insufficient of policies on the protection of whistleblowers, calculated as a weighted average.
<b><i>Lack of human rights policy (Share of investments without a human rights policy)</i></b>	means a policy commitment approved at board level on human rights that the economic activities of the investee company shall be in line with the UN Guiding Principles on Business and Human Rights. This indicator discloses the weight of investments in companies lacking human rights policy. The higher the number, the greater the share of investments in investee companies lacking human rights policy.

***Indicators applicable to investments in sovereigns and supra nationals***

***GHG intensity of investee countries  
(Emissions / GDP)***

means tons CO<sub>2</sub> (total GHG emissions) equivalents emitted per million of country's GDP, i.e. a measurement of GHG emitted per million of GDP generated.

The higher the number, the greater is the GHG emissions and the larger the adverse impacts.

***Average Corruption Score***

means "the abuse of entrusted power for private gain", including but not limited to bribing of foreign public officials, bribing domestic public officials, improper trading, embezzlement, and obstruction of justice, among others. This indicator is reported through a score, i.e. a numeric grade from 1-4 (where 1 is worst and 4 is the best score) for the underlying sovereign investments.

***Non-cooperative tax jurisdictions***

means jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes. This indicator discloses the share of investments in non-cooperative tax jurisdictions as defined by in the EU list. The higher the number, the greater the percentage of the fund is invested into non-cooperative tax jurisdictions as defined by the EU, calculated as a weighted average.

***Average rule of law***

means that the political and judicial systems are predictable and act in the interest of society, fostering economic and social development. This indicator discloses a numeric grade from 1-4 (where 1 is worst and 4 is the best score) for the underlying sovereign investments of the fund, calculated as a weighted average.