

# Statement on principal adverse impacts of investment advice on sustainability factors

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VERSION 1.0

## Purpose

Pursuant to Article 4(5) of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"), as further described in Article 11 of the Commission Delegated Regulation (EU) 2022/1288 ("SFDR Delegated Regulation"), incorporated into the Norwegian Act on sustainable finance, this statement provides information on how Danske Invest Asset Management AS (also referred to as "Adviser") considers principal adverse impacts of investment advice on sustainability factors.

## Description of principal adverse impacts

SFDR describes principal adverse impact 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, respects for human rights, anti-corruption and anti-bribery matters.

SFDR requires, among other, manufacturers of financial products to disclose whether, and if so, how they consider principal adverse impacts of investment decisions on sustainability factors, and also whether, as if so, how their financial products consider principal adverse impacts on sustainability factors. The SFDR Delegated Regulation defines 18 mandatory principal adverse impact indicators and a number of additional voluntary indicators that manufacturers are required to report on, when considering principal adverse impacts of investment decisions on sustainability factors. These indicators can be used, in whole or in part, to measure the principal adverse impacts of investments in financial products on sustainability factors.

## Consideration of principal adverse impacts

Danske Invest Asset Management AS provides investment advice on selected Undertakings for Collective Investment in Transferable Securities (UCITS) and Alternative Investment Funds (AIFs). For the purpose of this statement, UCITS and AIFs are collectively referred to as financial products.

Danske Invest Asset Management AS considers the principal adverse impacts of investment advice on sustainability factors, when selecting financial products for our advisory investment universe. This investment universe might consist of funds either manufactured by the Advisor, or funds by external manufacturers. For external manufacturers the consideration is based on the information made available by manufacturers, including in particular, the pre-contractual and periodic disclosures prescribed by SFDR for financial products that promote environmental or social characteristics (the so-called Article 8 products) and financial products that have sustainable investment as their objective (the so-called Article 9 products).

Danske Invest Asset Management AS is committed to minimising the negative impact on society and the environment that investments may have. As such, we require that the manufacturers of the financial products, that are included in our advisory investment universe, meet certain minimum criteria, as well as the financial products themselves. All the financial products provided by Danske Invest Asset Management AS are expected to meet the following minimum criteria:

- The manufacturer is a signatory to the United Nations-supported Principles for Responsible Investment (UN PRI) or has implemented a Responsible Investment Policy that meets the corresponding requirements.
- The manufacturer has committed to a net-zero climate target and participates in other climate initiatives such as Climate Action 100+. If such a commitment is not made, a clear plan on how the manufacturer intends to achieve the overall goal of net zero must be communicated.
- The manufacturer has a well-defined monitoring set-up in place to assess sustainability risk and clear documentation of how sustainability risk is integrated into the investment analyses and decision-making processes.
- The manufacturer is an active owner and engages with investee companies to manage and improve sustainability performance and protect the value of the investments.

- The manufacturer reports on relevant sustainability factors. This includes principal adverse impacts of investments in the financial product.

Minimum criteria for the financial products:

- The financial products either promote environmental and/or social characteristics and follow good governance practices, as required for Article 8 products, or have sustainable investment as its objective, as required for Article 9 products. If the financial product does not disclose as an Article 8 or Article 9 product, the financial product are expected to provide a plan on how to achieve this.
- The financial product should not invest in companies and/or countries that
  - a) are involved in activities, or with a conduct, leading to significant principal adverse impacts and/or, as relevant, significant harm on sustainable investment objectives;
  - b) otherwise express weak sustainability practices; and
  - c) do not have minimum social safeguards.
- The financial product should not invest in non-ethical and controversial activities and sectors
- The financial product excludes investments that have a negative impact on the climate meaning investments in companies involved in thermal coal, tar sands and peat-fired power-generation unless they have a credible transition plan.
- The financial product should consider and be aligned with Danske Bank A/S's investment restriction list.

As for now, we do not rank and select financial products based on the principal adverse impact indicators listed in the SFDR Delegated Regulation. Over time, we intend to update our processes to e.g. include ranking as a natural factor for our financial product selection, just as we today assess for example size, return expectation, risk level, and portfolio contribution.

The way in which we consider principal adverse impacts on sustainability factors in our advice is bespoke, due to the varying levels of ambition our customers have in relation to sustainability. As part of the suitability assessment, customers will be asked, among other, whether they want to have a focus on minimising the principal adverse impacts that investments have on sustainability factors, and whether this should be achieved through inclusion, exclusion or active ownership or a combination hereof.

## Change log

Date	Version number	Comments/changes
28. December 2023	1.0	Statement on principal adverse impacts created, finalised and published on webpage <a href="http://www.danskeinvest.no">www.danskeinvest.no</a> .