



Brussels, 6.4.2022
C(2022) 1931 final

ANNEX 2

ANNEX

to the

Commission Delegated Regulation (EU) .../....

supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports

ANNEX II

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Danske Managed Portfolio

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

●● <input type="checkbox"/> Yes	●● <input checked="" type="checkbox"/> No
<p><input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective – ___%</p> <p><input type="checkbox"/> In economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> In economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p>	<p><input checked="" type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5_% of sustainable investments</p> <p><input type="checkbox"/> With an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> With an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> With a social objective</p>
<p><input type="checkbox"/> It will make a minimum of sustainable investments with a social objective ___%</p>	<p><input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</p>

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



What environmental and/or social characteristics are promoted by this financial product?

While not pursuing a sustainable investment objective, the Product is committed to partially make sustainable investments meeting or exceeding the minimum proportions outlined in this annex.

The Product invests in issuers through investments in underlying funds. The Product promotes environmental and social characteristics by seeking to limit and mitigate principal adverse impacts of its portfolio on sustainability factors through:

Exclusions: The Product prioritises investments in funds that exclude issuers with:

- **Activities or conduct harmful to society** covering exclusions:
 - that comply with Danske Bank's norm based screening (enhanced sustainability standards) focussing, among others, on adherence to UN Global Compact principles, OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights and ILO conventions.
- **Non-ethical or controversial activities** covering exclusions on:
 - Tobacco (5 % revenue - with the scope capturing activities, Upstream, Production, and distribution, Downstream "UPD")
 - Controversial weapons (0 % revenue - UPD)
- **Activities with significant negative climate impact** covering exclusions on:
 - Peat-fired power generation (5 % revenue - UPD)
 - Tar sands (5 % revenue - UPD)
 - Thermal coal (5% revenue - UPD)

Active ownership the Product seeks to influence **issuers' impact on sustainability matters** through engagement and voting on material sustainability topics at the level of underlying funds.

The Product does not apply a benchmark for the attainment of its environmental and social characteristics.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

"Sustainable investments" is measured by the proportion of sustainable investments in the portfolio.

Exclusions relating to **"activities or conduct harmful to society"**, **"non-ethical or controversial activities"** and/or **"activities with significant negative climate impact"** are measured by the number of issuers excluded as a result of these exclusions and the number of excluded issuers in the portfolio.

"Issuers' impact on sustainability matters" is measured by the number of engagements with issuers and engagement themes discussed with issuers in the Product, and/or environmental and/or social proposals voted on in relation to investments of the Product, including active ownership activities conducted at the level of underlying funds.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Product partially invests in sustainable investments. The sustainable investments may contribute to either an environmentally sustainable investment objective or to a socially sustainable investment objective, provided that such objectives are kept with the United Nations Sustainable Development Goals (“UN SDGs”).

Specifically, the Product’s environmentally sustainable investments may contribute to: SDG 6 - Clean Water and Sanitation, SDG 7 - Affordable and Clean Energy, SDG 9 - Industry, Innovation and Infrastructure, SDG 11 - Sustainable Cities and Communities, SDG 12 - Responsible Consumption and Production, SDG 13 - Climate Action, SDG 14 - Life Below Water, SDG 15 - Life on Land, and/or SDG 17 - Partnerships for the Goals. Within this scope of the investment strategy, the Product may contribute to all environmental objectives of the EU Taxonomy covering: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control, and Protection and Restoration of Biodiversity and Ecosystems.

The Product’s socially sustainable investments may contribute to: SDG 1 - No Poverty, SDG 2 - Zero Hunger, SDG 3 - Good Health and Well-being, SDG 4 - Quality Education, SDG 5 - Gender Equality, SDG 8 - Decent Work and Economic Growth, SDG 10 - Reduced Inequalities, SDG 16 - Peace, Justice and Strong Institutions and/or SDG 17 - Partnership for the Goals.

As the Product invests through underlying funds, the specific environmental and/or social objectives of the sustainable investments and the contribution to such objectives are defined and managed through those underlying funds. In that respect, the Product may for instance invest into underlying funds with a transitional focus for the sustainable investments and funds with a thematic or broad SDG focus for the sustainable investments.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The sustainable investments that the Product partially intends to make do not cause significant harm to any environmental or social sustainable investment objective. This consideration is managed in the investment decision-making process by applying the exclusions and through the assessment methodology embedded in eligibility requirements for sustainable investments in underlying funds.

For investments classified as sustainable investments the Product and its underlying funds will continuously monitor and screen the portfolio against these aspects.

— — **How have the indicators for adverse impacts on sustainability factors been taken into account?**

When performing assessments of do no significant harm, the Product considers

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

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the indicators for principal adverse impacts on sustainability factors outlined in the Principal Adverse Impact Statement of [Danske Bank A/S] [PAI statement].

Such considerations are made through the exclusions applied by the Product and assurance that underlying funds consider principal adverse impacts when assessing do no significant harm for sustainable investments made at that level. The usage and prioritisation of principal adverse indicators for the purposes of assessing do no significant harm may vary at the level of the underlying funds.

— — — **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The Product excludes issuers with conduct or activities deemed harmful to society. This exclusion is based on the enhanced sustainability standard screening model developed by Danske Bank. The model, among others, screens for issuers' adherence to OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Issuers that are assessed to act in breach of conventions in accordance with the criteria of the enhanced sustainability standards screening are not investable by the Product.

The EU Taxonomy sets out a 'do not significant harm' principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The 'do no significant harm' principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes, the Product considers principal adverse impacts on sustainability factors by limiting exposures to such externalities through its exclusions, and the eligibility and alignment criteria of the sustainable investments that the Product partially intends to make, including through underlying funds. Identified principal adverse

impacts of issuers in the portfolio are prioritised and managed through the active ownership activities of the Product and of the underlying funds.

In respect to its exclusions, the Product considers adverse impacts on climate related sustainability factors by reducing investments in issuers involved in activities with significant negative climate impact. The enhanced sustainability standards screening captures considerations to other sustainability factors by focussing both on the adverse impacts that investments might have on social as well as environmental factors. Issuers captured by this screening are excluded in reference to having activities or conduct harmful to society.

For its sustainable investments the Product has through its underlying funds an enhanced focus on limiting principal adverse impacts on sustainability factors as these considerations form part of the sustainable investment criteria of not causing any significant harm to an environmental or social objective.

Principal adverse impacts are from 2023 reported in the annual report of the product

No



What investment strategy does this financial product follow?

The Product uses an active management strategy and gains exposures to issuers through investments in underlying funds.

By the selection of underlying funds, the Product aims to ensure as an integral of its investment strategy that the Product's environmental and social characteristics are promoted

For the sustainable investments that the Product partially intends to make, the Product in its selection of underlying funds considers the sustainable investments made by that underlying fund, including sustainable investment objectives that the underlying fund supports and how such fund considers and manages considerations of do no significant harm.

The investment strategy of the Product is further focussed on limiting negative externalities / principal adverse impacts of investments by the integration of the exclusions. The Product engages as an active part of its investment strategy with issuers on material sustainability topics and vote on environmental and/or social proposals in accordance with Danske Bank A/S's Voting Guidelines and Voting Scope, primarily indirectly through active ownership activities of its underlying funds.

The minimum sustainable investment target, promoted environmental and social characteristics as well as issuers' good governance practices are

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

integrated in the investment strategy on a continuous basis through a commitment to systematically identify and address sustainability factors embedded in the investment and/or investment selection process. By this, the environmental and social characteristics as well as issuers' good governance practices may influence a decision to either buy or increase weighting, hold or maintain weighting, sell or decrease weighting of an investment, in order to attain the characteristics of the Product.

The extent to which the environmental and social characteristics of the Product are attained through the investment strategy is monitored on a regular basis and is reported in the Product's periodic report.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Product commits to invest a minimum of 75 % of the invested funds in underlying funds, which integrate the following binding elements:

"Sustainable investments" the Product is committed to invest a minimum of 5 % of its investments in sustainable investments.

For the exclusion criteria relating to reduction of **"activities or conduct harmful to society"**, **"non-ethical or controversial activities"** and **"activities with significant negative climate impact"** the investment strategy applies the binding element of not investing into issuers on the Product's exclusion lists. Per the general exclusion criteria issuers can be exempted from exclusion, if the issuer has a documented and satisfactory transition plan.

Fiduciary duties owed by the Product to its investors may in extraordinary circumstances, including in a low market liquidity environment, prevent the Product from divesting an excluded issuer. Any such excluded holding of the Product will be communicated through periodic reporting of the Product and publicly available exclusion lists.

"Issuers' impact on sustainability matters" the Product commits to engage on material sustainability topics with issuers and/or vote on environmental and/or social proposals in accordance with the Danske Bank A/S's Voting Guidelines and Voting Scope, mainly on the level of the underlying funds.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Product has exclusions in place with the rate of reduction impacted by market value fluctuations and other factors. The Product does not commit to a minimum rate for reducing the investments that are considered prior to the application of the investment strategy.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- **What is the policy to assess good governance practices of the investee companies?**

Danske Bank A/S's Responsible Investments Policy and Active Ownership Policy provide the basis for assessing the issuers, as investee companies, good governance practices.

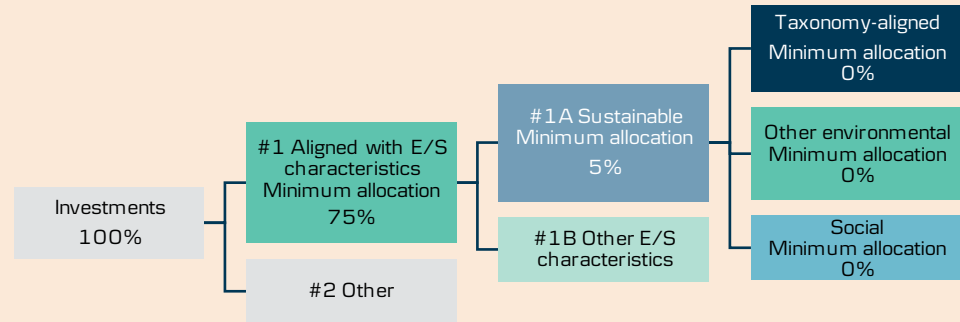
According to these policies, considerations related to good governance practices form an integral part of the investment process of the product, in respect to both the selection of issuers and in managing the portfolio. In this respect, the business models and the strategies of issuers as well as their ability to create long-term value for the shareholders are taken into consideration. The assessments are among others supported by an analytical tool in Danske Bank A/S.

For the selection of underlying funds, the manager's policies and frameworks for consideration of good governance practices are taken into consideration and form part of the due diligence and ongoing monitoring.

For the management of its investments, the Product further seeks to be an active owner through the underlying funds and to influence issuers through dialogue, voting and collaboration with peers, like-minded investors and stakeholders including on matters pertaining to good governance.



What is the asset allocation planned for this financial product?



#1. Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2. Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of

- **Turnover** reflecting the share of revenue from green activities of investee companies
- **Capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy
- **Operational expenditure (OpEx)** reflecting green operational activities of investee

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of the 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Product does not use derivatives for the attainment of environmental and social characteristics promoted by the Product.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

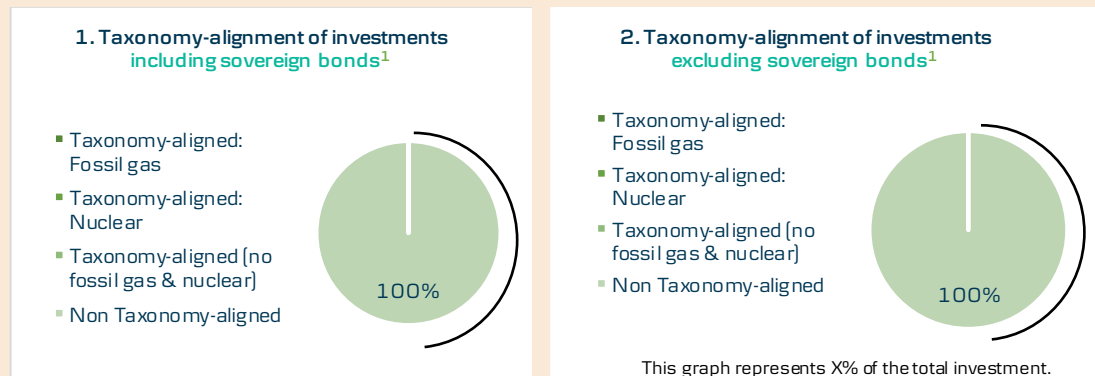
The Product does not have a minimum commitment to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy. Therefore, the minimum extent to which the Product invests in sustainable investments with an environmental objective aligned with the EU Taxonomy is 0%.

The actual and current share of Taxonomy-aligned investments of the Product, if any, are reported in the periodic report of the Product.

● **Does the financial product invest in fossil gas/or nuclear energy related activities that comply with the EU Taxonomy?**

- Yes
 - In fossil gas
 - In nuclear energy
- No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



¹ For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

¹ Fossil gas and nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**

As the Product does not have a minimum commitment of Taxonomy-aligned investments, the Product does not have a minimum share of investments in transitional and enabling activities.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Product invests in sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. The Product however does not commit to a minimum share of those investments, as the sustainable investments that the Product partially targets are not linked to specific UN SDGs.

The actual and current shares of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy within the given reference period are reported in the periodic report of the Product.

The reason why the Product invests in sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is due to low availability of company data and disclosures allowing the Product to determine Taxonomy alignment and due to the scope of objectives targeting by the Product going beyond the scope of the EU Taxonomy.



What is the minimum share of socially sustainable investments?

The sustainable investments that the Product partially intends to make in accordance with the investment strategy are not linked to specific environmental or social UN SDGs with no minimum share of socially sustainable investments.

The actual and current shares of socially sustainable investments within the given reference period are reported in the periodic report of the Product.



What investments are included under ‘#2 Other’, what is their purpose and are there any minimum environmental or social safeguards?

Underlying assets of the Product that do not contribute to the attainment of environmental or social characteristics of the Product are categorised in the “Other” investment bucket. Such bucket may include cash held as ancillary liquidity and derivatives and other investments used for hedging/risk management purposes.

Other investments can also be made in instances for which there is insufficient ESG data on an issuer to determine, whether such investment is promoting environmental and social characteristics of the Product.

Other investments made for investment purposes are to the extent data is readily available captured by minimum environmental and social safeguards through the application of exclusions.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

The Product does not use a reference benchmark to determine whether the Product attains the environmental and social characteristics that it promotes. As the Product does not apply a reference benchmark for such purposes the question is not further addressed.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The question is linked to products' that apply a reference benchmark to determine whether the product is aligned with environmental and/or social characteristics that it promotes.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The question is linked to products' that apply a reference benchmark to determine whether the product is aligned with environmental and/or social characteristics that it promotes. As the product does not apply a reference benchmark for such purposes the question is not further addressed.

- **How does the designated index differ from a relevant broad market index?**

The question is linked to products' that apply a reference benchmark to determine whether the product is aligned with environmental and/or social characteristics that it promotes. As the product does not apply a reference benchmark for such purposes the question is not further addressed.

- **Where can the methodology used for the calculation of the designated index be found?**

The question is linked to products' that apply a reference benchmark to determine whether the product is aligned with environmental and/or social characteristics that it promotes. As the product does not apply a reference benchmark for such purposes the question is not further addressed.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://danskebank.fi/en/for-you/products/saving-and-investing/danske-delegate>