

Sustainability-related website disclosure

Balanced Model Portfolio –Private Banking (the “Product”)

This website provides you with product-specific information on how the product integrates sustainability-related aspects. The information supplements the information provided in the product’s SFDR annex.

Summary

The product promotes environmental and/or social characteristics by including certain investments and excluding others and by exercising active ownership. The product has no commitment to invest a minimum proportion in sustainable investments.

Further information on the specific environmental and/or social characteristics promoted by the product is provided on this website. The website provides detailed information on the investment strategy used to for the attainment of these characteristics, the proportion of investments promoting the respective characteristics, monitoring, methodologies applied, data sources and processes, as well as information on limitations to methodologies and data, due diligence and active ownership policies.

In summary, the investment strategy of the product integrates the respective environmental and/or social characteristics by committing the product’s investment managers to take these aspects into consideration as an integral part of managing the strategy. As such, the investment managers do not invest in issuers on the exclusion list in order to reduce the exposure of the product to conduct and activities harmful to society.

This product reserves the right to make investments that are not utilised for the attainment of the environmental and/or social characteristics (unscreened investments). You can find further information in this document on the actual split between investments used to promote the environmental and/or social characteristics, other investments, and the extent to which exposures are sought through indirect investments.

Prudent monitoring is key to ensuring that the environmental and/or social characteristics of the product are integrated as intended. For this reason, a combination of so-called pre-trade and post-trade controls are in place to ensure that the product observes the commitments set out in the SFDR annex. You will find more information on these controls and how they apply to the specific characteristics in this document.

The product applies indicators that ensure that the extent to which environmental and/or social characteristics promoted is measured. This serves as ongoing monitoring and also enables us to report the performance of the product against the indicators that are particularly relevant to investors. As detailed in this website disclosure, methodologies are tied to data constraints and will differ substantially depending on the respective characteristics promoted by the product.

In general, data is key to successfully integrate sustainability factors into the investment strategy of the product, thus enabling the promotion of environmental and/or social characteristics. For the same reason, multiple ESG data sources associated with different vendors are applied in the management of the product. To ensure consistency in monitoring and reporting, some data points are only serviced by one vendor. This applies, for example, to principal adverse impact reporting and EU Taxonomy reporting.

Due diligence (screening) of the investment universe and portfolios for sustainability factors relevant to the commitments of the product is done using a top-down approach in terms of screening relating to exclusions, that also have an impact on other strategies, as well as a bottom-up approach in respect to considerations that have an impact exclusively on this product (for example, assessments relevant to determining how an investment might have an impact on the general sustainability profile of the product).

Danske Bank's Active Ownership Policy forms the basis for the active ownership activities of the product, with further information available in our general policy and process descriptions and in this website disclosure.

No designated index is applied by the product for the attainment of the environmental and/or social characteristics.

No sustainable investment objective

This financial product ('the product') promotes environmental and social characteristics but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product

The product prioritises investment in funds that exclude companies and issuers that are involved in the following:

- **activities and conduct deemed harmful to society**
 - Base on Danske Bank's norms-based screening (improved sustainability standards), which among other things focuses on adherence to the UN Global Compact principles, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the ILO Conventions.
- **non-ethical or controversial activities**
 - tobacco (5% revenue)
 - controversial weapons (0% revenue)
- **activities deemed to have significant negative climate impact**
 - peat-based power generation (5% revenue)
 - tar sands (5% revenue)
 - thermal coal (5% revenue)

The product also seeks to influence investee companies' and issuers' (collectively, 'issuers') impact on sustainability dimensions through active ownership of underlying funds in relation to material sustainability matters.

Investment strategy

The product employs an active management strategy, investing in issuers through investments in underlying funds.

When underlying funds are selected, it is ensured that the environmental and social characteristics of the product are promoted as an integral part of the product's investment strategy. The investment strategy is focused on limiting significant negative impacts by applying exclusions. As part of the investment strategy, the product also employs active ownership and seeks to influence issuers' management of sustainability-related aspects

through engagement and by voting in accordance with Danske Bank A/S' Active Ownership Policy, primarily through underlying funds.

The promoted environmental and social characteristics as well as good governance-related considerations are integrated in the investment strategy on a continuous basis through a commitment to systematically identify and address sustainability factors embedded in the investment selection process. As such, the environmental and social characteristics as well as good governance-related considerations may influence a decision to either buy or increase weighting or maintain or decrease weighting of an investment in order to attain the product's characteristics.

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

Policies to assess good governance

Danske Bank's Responsible Investment Policy and Active Ownership Policy provide the basis for assessing the issuers' good governance practices.

These policies stipulate that governance-related considerations must be an integral part of the investment process when selecting eligible underlying funds for investment and in the ongoing management of the product's portfolio investments. In this respect, the business models and the strategies of issuers and their ability to create long-term value for shareholders are taken into consideration. For investments through underlying funds, the third-party portfolio manager must include as part of the selection criteria an assessment of whether or not good governance principles are being upheld.

In adherence with the Active Ownership Policy, the product seeks to exercise active ownership and to influence issuers directly through dialogue and collaborating with like-minded investors and partners that the underlying funds engage with.

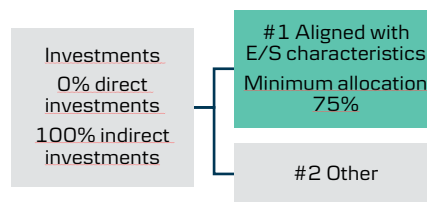
By default, Danske Bank's Voting Guidelines are applied when Danske Bank votes at the general meetings of investee companies/issuers, but the investment team may deviate from these guidelines on the grounds of a company-specific analysis. Voting must always serve the best interests of shareholders.

Proportion of investments

The product promotes environmental and social characteristics with an expected minimum allocation of 75% of the total invested assets. The minimum allocation represents the proportion of the product's assets that has been screened to promote the environmental and social characteristics of the product.

The product cannot guarantee that the investments of the remaining proportion of the product's assets have been screened to assess if these investments promote the environmental and social characteristics of the product.

The minimum allocation is calculated against the total market value of the assets and reflects the expected average minimum allocation within the relevant reporting period.



#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.

Monitoring of environmental or social characteristics

A number of internal processes are in place to monitor the promotion and integration of environmental and/or social characteristics of the product.

The product is screened daily to ensure that the applicable exclusions for the product are adhered to.

The Responsible Investment Team in Danske Bank Asset Management is responsible for maintaining exclusion lists for the product that exclude investments from the product's investment portfolios. Because the exclusion lists are integrated into relevant trading and compliance systems, it is possible to automatically detect whether an underlying fund includes a financial instrument that it is not permitted to include according to the investment guidelines.

Monitoring is also carried out to ensure that at least 75% of the product is always invested in underlying funds that promote the environmental and social characteristics specified for this product.

Methodologies

The attainment of the environmental and social characteristics promoted by the product is measured using the following indicators:

'Reduction of activities and conduct harmful to society' is measured on the basis of the average number of companies and issuers excluded from the product as a result of this restriction.

'Reduction of activities deemed to have significant negative climate impact' is measured on the basis of the average number of investments excluded from the product as a result of this restriction.

'Reduced participation in non-ethical and controversial activities' is measured on the basis of the average number of investments excluded from the product as a result of this restriction.

'Issuers' sustainability dimension management' is measured on the basis of the average

number of dialogues with companies and issuers, the themes of these dialogues and voting on environmental and/or social proposals.

In terms of the specific underlying methodologies of these relevant indicators, please see below:

Exclusions

All exclusions in the product are defined by specific criteria and definitions in Danske Bank's [Exclusion Instruction](#)

For the extended sustainability screening, which covers exclusions for activities and conduct harmful to society, please refer to the methodology descriptions in [esg screening-in-investments.pdf \(danskebank.com\)](#).

Further information on methodologies and exclusions for activities resulting in significant negative impact on the climate can be found in [climate-restrictions-exemptions-march-2022.pdf \(danskebank.com\)](#).

Data sources and processing

The investment team that manages the product has access to research material and data through Danske Bank A/S' ESG Data Platform. The ESG Data Platform is serviced by the following ESG data and research providers: CDP, ISS, MSCI, RepRisk, SASB, Sustainability, Util and Verisk Maplecroft.

An extensive amount of third-party ESG data and ratings is sourced to obtain a true and fair view of issuers' sustainability efforts.

For many data points, we source 'the same' data point from multiple vendors in order to ensure comparability and to continuously evaluate data quality.

Compliance of the product's investments with environmentally sustainable economic activities, as defined in the EU Taxonomy, is reported on the basis of data from ISS only. The same generally applies to the reporting of the principal adverse impacts on sustainability factors of the investments.

To a large extent, ESG data is estimated, so there is a need to challenge these estimates through a broad base of data sources.

It is not possible to provide one clear answer as to how large a proportion of the data is estimated because it varies significantly across data points. Some data, for example data from the CDP, is based fully on company disclosure, whereas data points such as scope 3 emissions are largely based on extensive estimations. However, most data points used will, to varying degrees, be based on estimations or model assumptions.

The standard process for reviewing a dataset involves conducting general analyses, testing of individual company assessments, comparing data results with other sources/vendors, dialogue and interviews with issuers.

Limitations to methodologies and data

There are vast amounts of sustainability data available, but the data landscape is characterised by a lack of consistent methodologies and limited transparency on how scores, indicators and ratings are calculated for issuers. These limitations to data are attributable to a number of factors, not least the fact that they, in part, reflect how sustainability data is produced.

Because corporate sustainability disclosures remain largely voluntary, not all issuers disclose/report on their management or approach to addressing the sustainability-related aspects of their activities. Moreover, there is a lack of consensus on the scope and format of reporting, and as such, issuers that do report do not disclose information in a standardised or easily comparable format. In certain instances, this creates limitations in relation to the attainment of environmental and/or social characteristics. Furthermore, in a bid to support investors in their assessment of issuers, a growing body of ESG data and credit rating agencies has emerged with their own proprietary scopes and methodologies, which in turn do not allow for comparison of environmental and/or social characteristics. In addition, issues emerge across regions and asset classes, small cap and emerging markets in particular, with regard to the extent of coverage and the availability of high-quality data.

Various measures are taken to ensure that the attainment of the sustainability objective is not affected by these known constraints. In recognition of the lack of consensus and standardisation, Danske Bank's ESG Data Platform consists of credible sources that are assessed to provide relevant information on the material sustainability-related aspects of an investment. Nonetheless, because methodologies vary across the chosen vendors, information is, where relevant and necessary, validated by the investment teams through the review of corporate reports and by engaging with the issuers. Finally, to address the risk arising from metrics being based on modelled rather than reported data, the indicators that are used to reach the goal of promoting environmental and/or social characteristics will, to the extent possible, be validated through our model validation framework.

Due diligence

In addition to the indicators listed, investment teams review financial and sustainability-related information from multiple data sources (including but not limited to company reports and third-party investment research). Tools, knowledge, research, education and subject-matter expertise are provided to the investment team to support the due diligence processes. The strength of this bottom-up approach is attributable to the fact that our solid data base, tools and resources enable the investment teams to conduct due diligence and promote the environmental and/or social characteristics of the product.

Top-down screening and exclusions are used as a tool to identify companies/issuers that employ harmful environmental practices such as those that contribute to climate change, biodiversity impact and pollution. Top-down screening and exclusions are also used as a tool to identify issuers that do not demonstrate adequate social practice in relation to human rights and labour standards.

Based on our assessment and engagement with issuers, we can on an ongoing basis decide whether to sell or limit our investment in an issuer, either in relation to a specific investment strategy or across several strategies, to ensure that our objective to promote environmental and social characteristics is met.

Engagement policies

Danske Bank's [Active Ownership Policy](#) with underlying guidelines provides the framework for active ownership activities in relation to the product's underlying investments.

Investment teams, supported by Danske Bank's Responsible Investment Team, engage in dialogue with issuers about sustainability-related controversies and other adverse impacts on sustainability matters. We may also exert our influence by voting at general meetings.

If issuers do not react to our active ownership activities as expected, investment teams may decide to escalate the investment and/or decide to either hold/maintain weighting, decrease weighting, or sell/divest, and/or the Active Ownership Team may decide to make a recommendation to have the issuer generally excluded under the extended sustainability standard screening.

Such a decision is subject to approval by Danske Bank's Responsible Investment Team.

For more information, please see:

[Danske Bank's Active Ownership Policy](#)
[Voting Guidelines](#)

Designated reference benchmark

The product does not apply a designated reference benchmark to determine if the product is aligned with the environmental and social characteristics it promotes.