

Exclusion criteria

June 2022

Exclusion criteria applicable to Danske Invest funds under management of Danske Invest Management A/S Danske Bank following the definitions and criteria outlined for the Danske Bank A/S in the Danske Bank Responsible Investment Instruction (the “Instruction”).

Danske Bank Group has decided on restrictions for lending, procurement, and investment in certain companies involved in tar sands and thermal coal, and in controversial weapons according to established criteria. These restrictions support the overall sustainability integration approach and mitigate sustainability risks.

For thermal coal restrictions, Danske Bank allow for exemptions for companies with sound climaterelated risk governance based on objective criteria. Specifically, companies must meet Level 3 management criteria according the Transition Pathway Initiatives (TPI) framework. Investment Teams can propose exemptions for companies by compiling documentation outlining how the company satisfies the TPI-criteria. Exemptions are discussed and endorsed by the ESG Integration Council and approved by the Responsible Investment Committee. In addition, overall investment restrictions apply to issuers targeted by sanctions as defined by Danske Bank’s AML/CTF and Sanctions Policy. Unless sanctions stipulate specific timelines, investment restrictions should be implemented within a reasonable time frame after the announcement, decision or trigger. Danske Bank Asset Management has decided to refrain from investments in companies involved in tobacco related activities and involvement in sustainability related controversies, practices, or other activities considered unacceptable in relations to Nordic norms and/or significant principal adverse impacts on sustainability factors.

The Instruction applies three different categories of investment restrictions:

Category	Application
Group-wide: Restriction based on Danske Bank Group’s sustainability positions	Danske Invest & Danica
Asset Management-wide: Restriction based on potential significant impact on investments return/risk and/or customer relationship.	Danske Invest & Danica
Customer-specific: Restriction based on specific customers’ specific requirements.	Specific Danica Invest funds or Danica Products

Danske Bank applies the following thresholds and definitions for those investment restrictions. Details on how these are applied on a product level can be found in pre-contractual documentation (including fund prospectuses).

Type	Definition	Activity	Criteria/ threshold ¹
Tar sands	Tar sands, also known as oil sands or crude bitumen, or more technically bituminous sands, are a type of unconventional petroleum deposit. Oil sands are either loose sands or partially consolidated sandstone containing a naturally occurring mixture of sand, clay, and water, saturated with a dense and extremely viscous form of petroleum technically referred to as bitumen (or colloquially as tar due to its superficially similar appearance).	Surface mining	5% revenue
		In-situ recovery	5% revenue
Controversial weapons	<p>Controversial weapons include the following:</p> <ul style="list-style-type: none"> • Anti-personnel mines • Biological weapons • Chemical weapons • Cluster munition • Nuclear weapons • Nuclear weapons outside the Non-Proliferation Treaty <p>The weapons are considered controversial as their production and use are assessed to be in conflict with the prohibitions set out in international conventions and national financing prohibitions or as their because of their indiscriminate effects and the disproportionate harm they cause.</p>	Development	Yes
		Production	Yes
		Maintenance	Yes
		Sale	Yes
		Prime contracting	Yes
		Key sub-contracting	Yes
		Supplier of key components	Yes
Thermal coal	Thermal coal designates coal used by power plants and industrial steam boilers to produce electricity or process steam.	Surface mining/ "opencast mining"	5% Revenue 5% Revenue

¹ Revenue threshold means maximum revenue percentage from activity and Yes/No refers to binary categories where no revenue threshold, and where 'Yes' means restriction in place

	<p>Coal extraction: Coal extraction refers to the process of mining/extracting coal from the surface of the ground or underground mines. Surface mining is also referred to as 'opencast' mining and underground mining as 'deep' mining.</p> <p>Power generation: Generation of electricity using thermal coal as the energy source.</p>	<p>Underground mining/"deep mining"</p>	<p>5% Revenue</p> <p>5% Revenue</p>
		Power generation	5% Revenue
Peat-fired power generation	Peat is organic fuel consisting of spongy material formed by the partial decomposition of organic matter, primarily plant material, in wetlands.	Power Generation	5% Revenues
Nordic Norms	Involvement in sustainability related controversies, practices, or other activities considered unacceptable in relations to Nordic norms and/or significant principal adverse impacts on sustainability factors. This includes companies allegedly violating international norms as defined by The International Bill of Human Rights, The OECD Guidelines for Multinational Enterprises, The UN Guiding Principles on Business and Human Rights, The Declaration on Fundamental Rights and Principles at Work	Incident-based	Case-specific
Tobacco	Tobacco products are products made entirely or partly of leaf tobacco as raw material, which are intended to be smoked, sucked, chewed or snuffed. Tobacco products are also electronic cigarettes and other 'Next-Generation-Products'.	Leaf growing	5% Revenue
		Harvesting	5% Revenue
		Curing	5% Revenue
		Leaf processing	5% Revenue
		End-product manufacturers	5% Revenue
		Value-added resellers (VAR)	5% Revenue
Alcohol	Alcohol refers to alcoholic beverages with alcohol volume	Winery owners & operators	5% Revenue

	higher than 2,25%. Alcohol is a psychoactive drug that is the active ingredient in drinks such as beer, wine, and distilled spirits.	Brewing	5% Revenue
		Distilling	5% Revenue
		Fermenting	5% Revenue
		Nightclub-, bar-, & pub-chains	5% Revenue
		Liquor stores	5% Revenue
		Malt, barley, other commodity inputs	5% Revenue
Military equipment	Military equipment refers to equipment that have been developed, designed or modified for military use based on military specifications. It covers both combat equipment as well as other military equipment with non-lethal functionality.	Production of combat equipment (tanks, ammunition, missiles, etc.)	5% Revenue
		Production of other military equipment (radar systems, surveillance vessels, military software, etc.)	5% Revenue
		Maintenance, repair and logistics	5% Revenue
		Military equipment distribution	5% Revenue
Pornography	Adult Entertainment/ Pornography refers to explicit images of sexual behaviour that are intended to cause sexual excitement. This includes products labelled 'erotica', 'porn' or 'adult entertainment'.	Production	1% Revenue
		Broadcasting	1% Revenue
		Distribution	1% Revenue
Fossil fuels	Fossil fuel, any of a class of hydrocarbon-containing materials of biological origin occurring within Earth's crust that can be used as a source of energy. Fossil fuels include coal, petroleum, natural gas, oil shales, bitumens, tar sands, and heavy oils.	Exploration	5% Revenue
		Production	5% Revenue
		Refining	5% Revenue
		Transportation	5% Revenue
		Storage	5% Revenue
		Energy equipment & services* ²	5% Revenue

² *Based on GICS industry group classification (101010)

Gambling	Gambling refers to the wagering of money on a game or event such as sports, cards or dice games, gaming machines and lotteries. Gambling has historically taken place in physical venues but is now also taking place online.	Betting operators	5% Revenue
		Casinos	5% Revenue
		Lotteries	5% Revenue
		Gambling brokers	5% Revenue
		End-product manufacturers	5% Revenue
		Affiliates/Lead generation/performance marketing	5% Revenue
		Integrated casino systems	5% Revenue

Each of the three categories of Investment Restrictions have:

- a governing entity responsible for outlining the governance and process, and
- an approving entity, with the mandate to approve Investment Restrictions.

Category	Governing Entity	Approval Entity
Group-wide: Restriction based on Danske Bank Group's sustainability positions (values-based restriction)	Group Sustainability	Business Integrity Committee
Asset Management-wide: Restriction based on potential significant impact on investments return/risk and/or customer relationship.	Responsible Investment	Responsible Investment Committee & Danske Invest Board of Directors
Customer-specific: Restriction based on specific customers' specific requirements.	Responsible Investment	Danske Invest Board of Directors