

Environmental and/or social characteristics

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.

Does this financial product have a sustainable investment objective?

Yes

No

- It will make a minimum of **sustainable investments with an environmental objective** – ___%
- In economic activities that qualify as environmentally sustainable under the EU Taxonomy
- In economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

- 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 ___% of sustainable investments
- With an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- With an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- With a social objective

- It will make a minimum of **sustainable investments with a social objective** ___%

- It promotes E/S characteristics, but **will not make any sustainable investments**

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

Danske PEP 2022 (EUR) KS (the “fund”) has the following environmental and/or social characteristics:

1. The fund promotes adherence to UN Global Compact, principles, OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights and ILO conventions and other relevant social safeguards through the exclusion of **certain activities and conducts deemed harmful to society**.
2. The fund promotes environmental safeguards through the exclusion of **certain activities deemed to have significant negative climate impact**.
3. The fund promotes certain ethical and social safeguards through the exclusion of **certain activities deemed to be non-ethical or controversial**.
4. The fund seeks to influence **issuers’ impact on sustainability matters** through engagement on material sustainability topics at the level of underlying funds.

The fund further undertakes a range of activities to encourage underlying external fund managers in respect of considerations of sustainability factors. This includes a proprietary sustainability assessment of underlying external funds and external managers.

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



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**
 1. Investments in the fund with activities and conduct deemed harmful to society as determined through the criteria of the enhanced sustainability standards screening of Danske Bank.
 2. Investments in the fund with activities deemed to have significant negative climate impacts as determined through exclusions for thermal coal (5% revenue), tar sands (5% revenue), peat fired power generation (5% revenue) and the number of investments excluded as a result of these exclusions.
 3. Investments with non-ethical or controversial activities as determined through exclusions for controversial weapons (0% revenue) and tobacco (5% revenue) and the number of investments excluded as a result of these exclusions.
 4. The number of engagement activities with managers in respect to investments in the fund.

- **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?**

N/A

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, _____

- No, the fund does not consider principal adverse impacts on sustainability factors of its investments due to the nature of the fund and its inability to report on principal adverse impacts.

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.



What investment strategy does this financial product follow?

The fund will target investments in European buyout funds acquiring small and mid-sized companies. As manager, Danske Private Equity A/S believes that small and mid-sized companies provide the potential for generating real outperformance in private equity. This is based on the ability of small and mid-market buyout funds to drive value creation initiatives, and the ability of such funds to exploit market inefficiencies.

The fund's investment strategy integrates environmental and/or social characteristics through exclusion criteria that apply to a substantial part of the fund's holdings and engagement with issuers, primarily indirectly through active ownership activities of its underlying funds. The fund primarily gains exposures to issuers through investments in underlying funds. By the selection of underlying funds, the fund strives to ensure as an integral of its investment strategy that the fund's environmental

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

and/or social characteristics are promoted through investments made at the level of the underlying funds.

The promoted environmental and/or social characteristics as well as issuers' good governance practices are 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/or 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 fund's characteristics.

The extent to which the fund's environmental and/or social characteristics are attained through the investment strategy is monitored on a regular basis and is reported in the fund's annual 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?

For the exclusions relating to reduction of **"activities or conduct harmful to society"**, **"non-ethical and controversial activities"** and **"activities with significant negative climate impact"** the fund does not actively select investments that are excluded on the basis of the exclusion criteria and thresholds that are used as sustainability indicators to define such adverse activities.

The fund strives to apply similar exclusion criteria for indirect exposures to underlying issuers of investments in externally managed funds by seeking to ensure that external fund managers exclude underlying issuers to the extent such underlying issuers do not comply with the fund's exclusion criteria. To implement exclusion criteria, the fund commits to apply a set of tools such as pre-screening for excluded issuers, excuse rights and risks assessments to determine the occurrence as well as future likelihood of investments in excluded companies. Because of the nature of this fund, there might be instances where external managers invest into excluded issuers.

Fiduciary duties owed by the fund to its investors may in these circumstances, including in a low market liquidity environment, prevent the fund from divesting such excluded issuer. Any such excluded holding of the fund is subject to approval of the Investment Committee of Danske Private Equity as well as the general partner of the fund and will be communicated through the fund's annual reporting.

"Issuers' impact on sustainability matters", the fund commits to ensure that engagement frameworks for material sustainability topics are in place at 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 fund has exclusions in place with the rate of reduction impacted by market value fluctuations and other factors. Accordingly, the fund does not commit to a minimum rate of reduction of the investments considered prior to the investment strategy.

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

Considerations related to good governance practices form an integral part of the selection of investments and their management within the portfolio.

In making investment decisions, the fund considers fund managers' policies relevant to good governance practices in fund portfolio companies as part of the due diligence process leading to an investment decision. This is to ensure that the policies focus on business models and strategies of portfolio fund companies as well as their ability to create long-term value for the shareholders.

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



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 companies.

What is the asset allocation planned for this financial product?

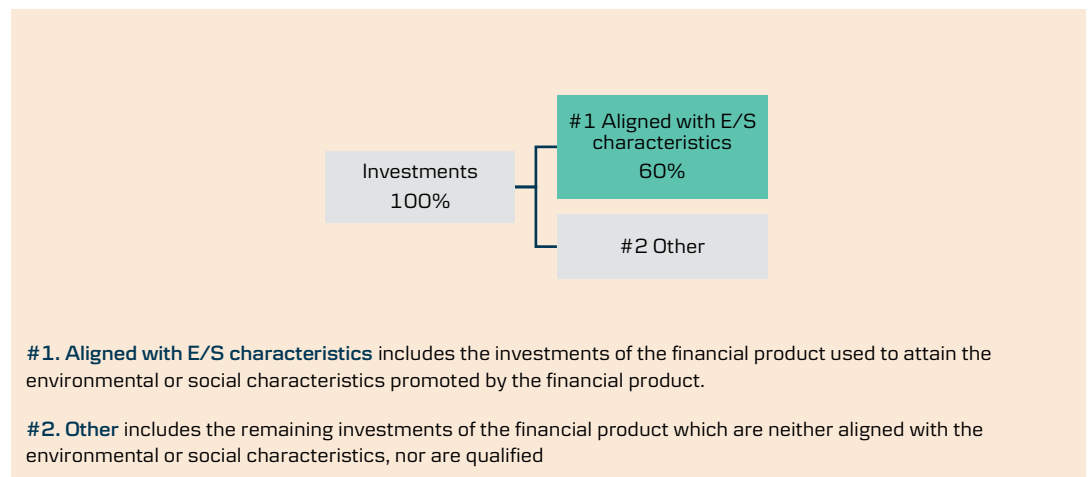
The fund promotes environmental and/or social characteristics through the binding elements applied under the investment strategy in respect to its exclusions.

The expected minimum proportion of investments meeting the binding elements of the fund's environmental and/or social characteristics and thus the minimum proportion of investments aligned with the fund's environmental and/or social characteristics is 60%.

With that the fund reserves the opportunity of making investments in cash and derivatives for which the pass or fail criteria will not apply. Further, the fund may make investments with insufficient ESG data to determine, whether the investments are aligned with the environmental and/or social characteristics of the fund. With cash and derivatives these investments are referred to as "Other investments".

For the Other investments bucket, the fund can thus not guarantee that the investments have been screened for activities or conduct harmful to society, non-ethical and controversial activities and/or activities with significant negative climate impact and/or that a framework for engagement is in place. The fund does not have a minimum allocation to sustainable investments.

The minimum proportion of investments aligned with environmental and/or social characteristics are to be seen as the average minimum allocation to investments aligned with environmental and/or social characteristics within the annual reference period as calculated against the total market value of the fund's investments.



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

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



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

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

The actual share of the fund's Taxonomy-aligned investments, if any, shall be reported in the fund's annual report.

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 2035. For **nuclear energy**, criteria include comprehensive safety and waste management rules.

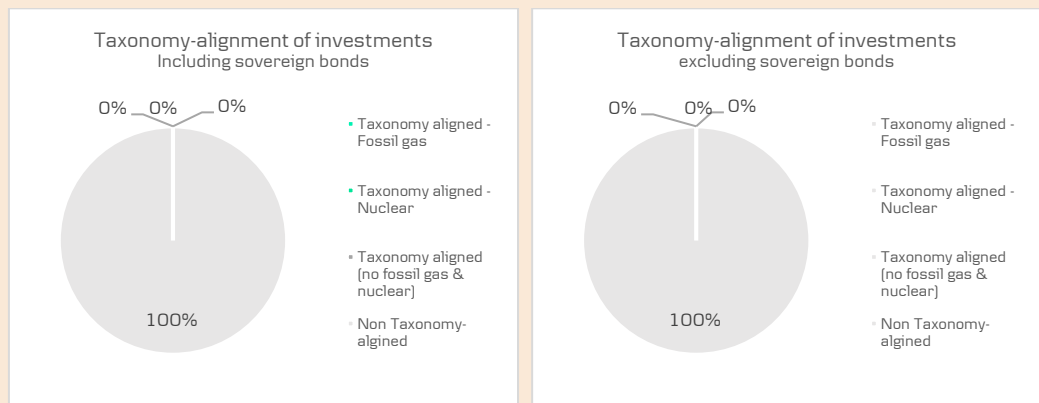
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

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.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy¹?**

- 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 bonds¹, 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

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

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



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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A



What is the minimum share of socially sustainable investments?

N/A

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



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

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

Other investments can also be made in instances for which there is insufficient ESG data on an issuer for the fund to be able to determine, whether such investment is promoting environmental and/or social fund’s characteristics.

Due to the nature of the asset classes the fund does not apply considerations on minimum environmental or social safeguards for these investments.



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?

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

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

More product-specific information can be found on the website <https://danskeprivateequity.com/about-us> under “Sustainability Related Disclosures”.