

# Sustainability-related Website Disclosure

Danske PEP 2022 (USD) K/S  
LEI code: 636700BUB22T9SLK0767

## SUMMARY

You can read a summary of this document [here](#).

## NO SUSTAINABLE INVESTMENT OBJECTIVE

The fund promotes environmental or social characteristics, but does not have as its objective a sustainable investment.

## ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

Danske PEP 2022 (USD) K/S (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.

## INVESTMENT STRATEGY

The fund will target investments in North American 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 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.

## Policies to assess good governance

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 also form an integral part of considerations made in terms of including/selecting eligible portfolio fund managers. Here portfolio managers must in their selection of issuers consider available and relevant data for the assessments of whether good governance principles are met. In this respect, the business models and the strategies of portfolio fund managers as well as their ability to create long-term value for the shareholders are taken into consideration.

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

## **PROPORTION OF INVESTMENTS**

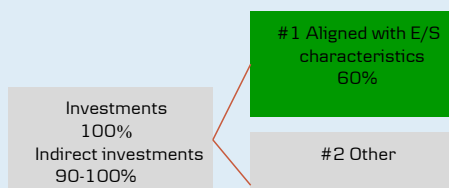
The fund promotes environmental and/or social characteristics through the binding elements applied under the investment strategy in respect to its exclusions.

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.



#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

The promotion of environmental and/or social characteristics of the fund are monitored through regular dialogue with portfolio fund managers, receipt and review of their ongoing reporting, discussion as to the application of exclusion criteria and occasional screening by the Responsible Investment team in Danske Bank against exclusion lists maintained by that team.

## METHODOLOGIES

The attainment of the environmental or social characteristics promoted by the fund are measured through usage of the following indicators:

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.

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

### Exclusions

All exclusions of the fund are defined by specific criteria and definitions set out in the Ethical Policy of the fund, determined by reference to the Exclusion Instruction of Danske Bank A/S, available under: <https://danskebank.com/sustainability-related-disclosures>.

## DATA SOURCES AND PROCESSES

For the investments of the fund, the investment team primarily sources data and reporting through the selected external managers managing funds that the fund is invested into.

## LIMITATIONS TO METHODOLOGIES AND DATA

As investments of the fund primarily target private companies direct access to relevant ESG data is limited. Therefore the vast majority of data for the fund is sourced by setting minimum requirements on the external managers or companies to provide reporting and integrate ESG data in own processes.

The methodologies and dataset applied by the external managers may vary and for some rely on modelled/proxy data. This can result in a margin of error in respect to the data input and data output of the fund, which should be monitored and sought mitigated through quality checks of the reports and close engagement with the managers.

## DUE DILIGENCE

The investment team reviews financial and sustainability information from available data sources (chiefly in the form of company reports). Tools, knowledge, research, education and subject-matter expertise are provided to the investment team by the Responsible Investment team in Danske Bank Asset Management to support the due diligence processes. The strength of this bottom-up approach is a solid foundation of data, tools and resources that enables the investment team to conduct due diligence and promote the environmental and/or social characteristics for the fund.

## ENGAGEMENT POLICIES

The Active Ownership Policy of Danske Private Equity A/S provides the framework for engagement activities on investments in the fund.

Sustainability-related controversies in investee companies and/or bad performance on principal adverse impact indicators will most often be managed by the portfolio management companies of the funds that the fund is invested into.

For the general processes run through the Active Ownership team in Danske Bank A/S an unsuccessful engagement on a companies covered by asset under management of Danske Bank A/S may result in a recommendation to have an issuer excluded under the enhanced sustainability standard screening. Such decision is subject to approval by the Responsible Investment Committee of Danske Bank A/S and could impact holdings of the fund as the fund applies the exclusion approach of the bank.

For more information on the Active Ownership Policy for the Danske Private Equity see:

<https://danskeprivateequity.com/about-us>

## DESIGNATED REFERENCE BENCHMARK

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

Change log:

v.1. 27 September 2023 - Current version