Exclusion Instruction

In accordance with the Responsible Investment Policy of Danske Invest Management A/S exclusions applied for our managed funds are subject to the criteria and thresholds set out in this Exclusion Instruction for the Danske Bank Group.

1. Objective

The objective of this Instruction is to elaborate on the principles of the Responsible Investment Policy in relation to how we in Danske Bank integrate exclusions in our investment management processes on basis of sustainability-related considerations. Our approach to responsible investment is based on the principle of Double Materiality meaning that we consider sustainability factors from the perspective of:

1. Financial Materiality: Protect the value of our investments and generate attractive returns

2. Environmental and Social Materiality: Reduce the negative impacts and maximize the positive impacts that our investments have on society

The Instruction operationalises our general commitment to consider and prioritise the principal adverse impact that our investment decisions may have on society as prioritised through investment products under management in accordance with the Responsible Investment Policy.

The Instruction also works to protect the value of our clients' investments in that, exclusions defined by this Instruction limit exposures to issuers negatively impacted by sustainability factors to the extent applied by relevant products.

2. Definitions

The definitions for the terms used throughout this Instruction are available in Appendix 1. Any term not defined herein shall have the meaning ascribed to it in the Responsible Investment Policy.

3. Scope and target group

The Instruction applies to investment management activities of Danske Bank as covered by the Responsible Investment Policy. Exclusions governed by this Instruction are applied to different degrees and in different combinations by investment products managed by Danske Bank. The extent to which an exclusion applies to a given investment product is to be outlined in pre-contractual disclosures of that product.

The Instruction covers direct investments in instruments (e.g. equity, bonds) issued by issuers that are excluded per the exclusions outlined in this Instruction. This also includes labelled sustainability bonds issued by excluded issuers. Affiliation to an excluded issuer does not trigger an exclusion of instruments issued by such affiliated entity. Sovereign based exclusions can also capture other related issuers such as state-owned enterprises.

The Instruction does not apply to investments in derivatives. Subject to the binding elements of a given investment product, indirect investments in issuers through underlying funds are not in scope of this Instruction.

Exclusions covered by this Instruction are supplemented by statutory restrictions/bans on investing in issuers targeted by sanctions as governed through Danske Bank's AML/CTF and Sanctions Policy.

This Instruction applies to all employees, functions, and units in Danske Bank Group that are involved in or oversee investment management activities. The Instruction is also applicable to any employee, function and/ or units in Group subsidiaries if adopted and/or incorporated by the subsidiary in accordance with applicable governance rules.

4. Exclusions

For the investment products, we make available, we apply different exclusions aimed to reduce adverse impacts and risk exposures to certain investments. The exclusions are listed in the table and shall apply to managed investment products in accordance with their product design and investment strategies.

Exclusion	Definition	Activity	Criteria/threshold[1]	Data source
Sustainability Risk	Involvement in activities deemed to expose significant sustainability risks to the investment	Incident or activity based	Case-specific	Proprietary Model
Enhanced Sustainability Standards[2]	**Norm based:** Involvement in sustainability related controversies, practices, or other activities considered unacceptable in relation to international norms defining environmental or social minimum safeguards.	Incident based and/ or weak sustainability performance	Case-specific	Proprietary Model
	Good Governance: Screening covering pre-set indicators on sound management structures, employee relations, remuneration of staff and tax compliance. The indicators are purposefully simplistic, considering the differences in market-specific, and industry specific governance practices across the globe, to allow for comparability and monitoring.	Non-adherence to good governance practices		
	Country exclusions: Screening of countries' exposure to and management of sustainability factors, aimed at identifying countries that express weak sustainability practices, have weak governance, or have weak social safeguards.	Incident based and/ or weak sustainability performance		
Extended Enhanced Sustainability Standards[3]	Extended thematic screening on involvement in sustainability related controversies, practices, or other activities considered unacceptable in relations to norms.	Incident based and/ or weak sustainability performance	Case-specific	Proprietary Model
PAI Exclusions	Strongly negative performance across individual and/or in combination of principal adverse impact indicators[4]. Includes all mandatory PAI indicators and certain voluntary indicators.	Sustainability performance	Performance based	ISS-ESG, Responsible Investment

[1] Revenue threshold means maximum revenue percentage from activity
[2] See methodology paper: "Enhanced Sustainability Standards Screening" publicly available at: https://danskebank.com/sustainability-related-disclosures
[3] See methodology paper: "Enhanced Sustainability Standards Screening" publicly available at: https://danskebank.com/sustainability-related-disclosures
[4] Thresholds defined in the Danske Bank SDG Model methodology paper available on: https://danskebank.com/sustainability/publications-and-policies/sustainability-related-disclosures

Exclusion	Definition	Activity	Criteria/threshold	Data source
Tar sands	Tar sands, also known as oil sands, heavy oil, crude bitumen, or more technically bituminous sands, are a type of unconventional petroleum deposit. Tar 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 (Production "P") In-situ recovery (P)	>5% revenue	ISS-ESG
Thermal coal[5]	Thermal coal designates coal used by power plants and industrial steam boilers to produce electricity or process steam. 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. Power generation: Generation of electricity using thermal coal as the energy source.	Surface mining/ "opencast mining" (P) Underground mining/ "deep mining" (P) Power generation (Downstream "D")	>5% Revenue	ISS-ESG
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 (P)	>5% Revenue	ISS-ESG
Fossil fuels[6]	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 (P) Production (P) Refining (D) Transportation (D) Storage (D) Energy equipment & services[7] (Upstream "U") Power Generation	Performance based	ISS-ESG
Fossil Fuel Transition Laggards	Fossil fuel, any of a class of hydrocarbon-containing material 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 (P) Production (P) Refining (D) Transportation (D) Storage (D) Energy equipment & services[7] (Upstream "U") Power Generation	> 5% Revenue and the company is considered as "Not aligned to Net Zero", "Not Transitioning to Net Zero" or "Not Committed to Net Zero" in accordance with Danske Bank's Net Zero Pathway Framework[8]	Proprietary model

[5] The Responsible Investment Committee may on exemption basis approve that certain issuers qualifying under the Net Zero Pathway Framework for Investee Companies are investable under this category. The Net Zero Assessment methodology is available at: https://danskebank.com/sustainability/publications-and-poliicies/sustainability-related-disclosures

[6] The Responsible Investment Committee may on exemption basis approve that certain issuers qualifying under the Net Zero Pathway Framework for Investee Companies are investable under this category. The Net Zero Assessment methodology is available at https://danskebank.com/sustainability/publications-and-policies/sustainability-related-disclosures.

[7] Based on GICS industry group classification [101010] subject to availability and accuracy of data in relation to the industry classification.

[8] The Net Zero Assessment methodology is available at https://danskebank.com/sustainability/publications-and-policies/sustainability-related-disclosures.

Exclusion	Definition	Activity	Criteria/threshold	Data source
Controversial weapons	Controversial weapons include the following: • Anti-personnel mines • Biological weapons • Chemical weapons • Cluster munition • Nuclear weapons outside the Non-Proliferation Treaty	Production (P) Maintenance (D) Sale (D) Prime Contracting (D) Key Sub- Contracting (U) Supplier of Key Components (U)	> 0% Revenue	ISS-ESG
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 (P) Harvesting (P) Curing (P) Leaf processing (P) End-product manufacturers (D) Value-added resellers (D) (VAR)	>5% Revenue	ISS-ESG
Alcohol	Alcohol refers to alcoholic beverages with alcohol volume higher than 2.25%. Alcohol is a psychoactive drug that is the active ingredient in drinks such as beer, wine, and distilled spirits.	Producers[9] Liquor stores (D) Malt, barley, other commodity inputs (U)	>5% Revenue	ISS-ESG
Gambling	Gambling refers to the waging 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 (P) Casinos (P) Lotteries (P) Gambling brokers (P) End-product manufacturer (P) Affiliates/Lead generation/ performance marketing (D) Integrated casino systems (U)	>5% Revenue	ISS-ESG
Military equipment	Military equipment refers to equipment that have been developed, designed or modified for military use based on military specifications[10]	Production of combat equipment (tanks, ammunition, missiles etc. (P) Maintenance, repair and logistics of combat equipment (U) Combat equipment distribution (D)	>5% Revenue	ISS-ESG

[9] Wineyard owners & operators, Brewing. Distilling, Fermenting as defined by GICS 30201010 and 30201020 subject to availability and accuracy of data in relation to the industry classification.
[10] Does not apply to companies in GICS industry group "Financial services"

Exclusion	Definition	Activity	Criteria/threshold	Data source
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 (P) Broadcasting (P) Distribution (D)	>1% Revenue	ISS-ESG
SPU	SPU refers to the exclusion list maintained by Norges Bank Investment Management/Statens Pensjon Utland[11]	Multiple activities	Multiple thresholds	Proprietary model
Workplace Integrity	Workplace integrity refers to principles relating to a secure, fair, and supportive work environment. The focus is on reducing exposure towards companies at high risk of compromising these integrity standards.	Incident based	Multiple thresholds	Proprietary model
PAB	Activity based exclusions for a Paris Aligned Benchmark as referred to in Commission Delegated Regulation (EU) in 2020/1818 Article 12(1)(a)-(g)	Multiple activities	Multiple thresholds	MSCI and/or Proprietary model
CTB	Activity based exclusions for a Climate Transition Benchmark referred to in Commission Delegated Regulation (EU) in 2020/1818 Article 12(1)(a)-(c)gulation (EU) in 2020/1818 Article 12(1)(a)-(c)	Multiple activities	Multiple thresholds	MSCI and/or Proprietary model
Involvement in sensitive activities	Involvement in controversies, practices, or other activities that are deemed to be sensitive and misaligned with certain customer expectations. The assessment is context dependent and will evolve in line with customer preferences	Incident based	Multiple thresholds	Proprietary model

As a main rule, an investment product is not allowed to invest in issuers excluded per the exclusion list of a given exclusion category and any excluded issuer in an impacted product should be divested within the outlined timelines as set out in Section 7 of this Instruction. Exemptions can be granted by the Responsible Investment Committee on an individual basis. Exemptions are valid as long as the grounds for the exemption exist, however, can only be given for a period of 6 months. When the 6 months period has expired a new exemption must be approved or the position shall be sold. Pre-contractual disclosures can set out other limits that in those cases will be binding.

As a general exemption to the main rule, certain investment products investing through other components may from time to time be allowed to hold excluded investments in their portfolios if the investment is deemed non-material and services a due cause. Non-material investments are investments which do not result in a product having more than 1% of its total investments in excluded positions or as otherwise detailed in the pre-contractual disclosures. For products investing purely through fixed income components, the threshold may be increased to 5%. Investments with a due cause are investments assessed to be in the best interest of clients based on fiduciary duties and/or investments where upholding an exclusion could result in non-proportional effects, including (as a non-exhaustive list):

[11] *Observation and exclusion of companies | Norges Bank Investment Management (nbim.no)*

- investments where a sale will result in significant unfavourable terms.
- indirect exposures upheld through underlying funds having minor discrepancies in the exclusion criteria, definition and/or criteria resulting in the breach.
- operational limitations not making divestments possible (e.g. sanctions, legal & contractual obligations, market conditions, lack of substitutions).

The use of exemptions must always be considered at a case-by-case basis in light of the specific circum- stances, disclosures of the investment product and commitments.

5. Data sources

Data sources used for exclusions are assessed by the Responsible Investment team in Danske Bank on a continuous basis. The assessments include, but are not limited to, assessments on data coverage, data quality, methodology, costs, and other Danske Bank operational considerations.

No universally accepted framework (legal, regulatory, or others) currently exists in relation to sustainability- related data, information, and assessments. As a financial institution investing globally in different asset classes, Danske Bank strives to the extent possible to leverage primary reported data and information. Where such is not available, best efforts are made to obtain data, including data estimates, information, and assessments through third-party providers or directly from investee companies, and/or by carrying out additional research or making own reasonable assumptions/estimations.

Sustainability-related data, information, and assessments is therefore not comparable to that of financial information. This implies a risk of misrepresentation of data on sustainability-dimensions or impacts associated to an investment. Despite diligent due diligence in the onboarding of data and other resource and cost proportional considerations in place to ensure the accuracy, completeness, and reliability of the data, it is not possible to verify nor guarantee, directly or indirectly, the complete correctness of the underlying data. Therefore, a certain margin of error is still to be expected.

How sustainability-related data, information and assessments are utilized is subject to the specific models, methodologies, and processes applied and governed by Danske Bank's Responsible Investment Policy, Instructions as well as Guidelines.

The Responsible Investment team is responsible for selecting the data source most relevant to each exclusion category.

6. Governance

Any changes to exclusion lists maintained under this Instruction are subject to approval by the Responsible Investment Committee, as represented through the Head of Danske Bank Asset Management and Chief Executive Officer of Danica.

The Responsible Investment Committee further endorses changes made to exclusion criteria on basis of advice from relevant functions with its effectiveness being subject to approval by the Head of LC&I, Danske Bank.

7. Implementation

Exclusion lists are updated on a bi-annual basis unless a review is triggered by other events.

A decision to exclude a company/issuer is implemented no later than on the first bank day of the second month following a decision by the Responsible Investment Committee to exclude. Once implemented, divestments of direct investments should be made within five working days. For indirect investments, divestments are to be made within reasonable time, taking into account aspects such as fiduciary duties, committee schedules, operational implications, and substitution options.

If selling is not possible for liquidity reasons, divestments will be put on hold pending the opportunity to sell at a reasonable price, holdings will be sold.

From time-to-time, updates may be done at other times than outlined above. This could be due to special events/situations, sanctions (impacting ability to sell-off) or due to operational considerations. Responsible Investment has the authority to decide on such extraordinary updates.

8. Disclosure

Lists on excluded issuers are maintained by the Responsible Investment team

9. Escalation

Where a breach or potential breach of this Instruction has been identified, an Employee must notify the owner of the Instruction. Where the breach is also defined as an event, this must be registered and categorised immediately in ORIS according to the Non-Financial Risk Event Escalation Instruction. The owner of the Instruction must report to the Executive Management on significant breaches to the Instruction in accordance with the Non-Financial Risk Event Escalation Instruction.

Instruction owner must escalate to the governing body in case of breaches to their instruction and if the maintenance of their instruction is not able to be completed in accordance with the Responsible Investment Policy.

10. Review

The Responsible Investment team will, in cooperation with the relevant business unit or group function, evaluate and adhere to Instruction. In case of any differences in views or in case of material decisions related to this Instruction, these can be addressed by the Responsible Investment Committee who decides on the issue, and who can choose to report to the Business Integrity Committee.

The Responsible Investment Committee and the ESG Integration Council will annually receive an update on the implementation of this Exclusion Instruction.

11. Change log

Date	Version number	Description of changes
December 2022	Version 1.0	Instruction created
April 2023	Version 2.0	Instruction updated for further clarification purposes and enhancement of process, including review cycles.
July 2023	Version 3.0	Updates to Fossil Fuel category and change of data provider as well as editorial changes.
March 2024	Version 4.0	Update to the Controversial Weapons category. "Fossil Fuel Transition Laggards" added as a new Exclusion criteria. Editorial changes has also been made.
October 2024	Version 5.0	Update to Alcohol and Military Equipment categories. "PAB" and "Enhanced Sustainability Standards Plus", sustainability risks and CTB added as new Exclusion Criteria. De minimis thresholds introduced. Removal of types of exclusion categories for certain exclusions.
March 2025	Version 6.0	Update to Controversial weapons definitions minor adjustments to CTB/PAB and military exclusions
August 2025	Version 7.0	Introduction of new exclusion category for workforce integrity
November 2025	Version 8.0	Update to de minimis and disclosure section.
February 2026	Version 9.0	Introduction of new exclusion category for sensitive activities

12. List of appendices

Appendix 1 – Definitions

The below definitions apply to the terms used throughout this Instruction

Danica	Danica Pension, Livsforsikringsaktieselskab
Danske Bank or the Bank	Danske Bank A/S, its branches and subsidiaries
Double Materiality	the determination of whether a sustainability factor is of relevance when investing from either the perspective of Financial Materiality and/or Environmental and Social Materiality
ESG	Environmental, Social or Governance
Environmental & Social Materiality	The inside-out impacts that an issuer's/company's economic and financial activities may have on sustainability factors
Financial Materiality	The outside-in impacts that sustainability factors may on a company's/issuer's economic and financial activities throughout their entire value chain (upstream and downstream) affecting the value (returns) on such activities