



*Carbon footprint measurements
on selected Danske Invest funds*

2016 results

As a signatory to the Montreal Carbon Pledge Danske Bank has committed to publishing the carbon footprint on a selected range of our investment funds.

In 2016, we focused our efforts on measuring carbon footprint for two types of funds; restricted equity funds and our new sustainable bond fund. The results are shown on page 4.

We expect to broaden our scope as data quality increases and business standards emerge.



The Montreal Carbon Pledge is a global initiative where investors commit to disclosing the carbon footprint of their investments. The pledge is supported by the United Nations Environment Programme Finance Initiative (UNEP FI) and the PRI.



Carbon footprint is a relevant part of our ESG evaluation

A company's carbon intensity and preparedness of climate change challenges form an integrated part of how we evaluate a company's environmental, social and governance (ESG) practices and contribute to how we make our investment analysis and decisions. It tells us a part of

a company's story and when used in connection with our other ESG-data, we see a much better picture of the risk and opportunities the company face.

The CO₂-emissions from each company depend on the company's

ability to manage their emissions, but we are aware that average emission levels vary a great deal between sectors. Sectors which mainly have office buildings tend to have low emissions while sectors with factories tend to have higher emissions.

How we measure the carbon footprint in equity funds

There are several ways to compute carbon footprints of funds. We compute the carbon footprint of our funds by measuring the scope 1 emissions (direct emissions from own facilities) and scope 2 emissions (emissions from purchased energy) relative to the companies' revenue.

Each company's contribution to the carbon footprint of the portfolio is calculated on an equity ownership basis - e.g. if we own 10% of a given company, we calculate 10% of their emissions and 10% of their revenue as the basis for the carbon footprint calculation.

The fund's total carbon footprint is calculated from the sum of the companies' CO₂ emissions, normalised by the companies' revenue. This gives us a measure of how CO₂-intensive the funds are.

Our method

Our method for computing the carbon footprint of equity funds is based on the recommendations made by the Swedish Investment Fund Association (Fondbolagens Förening), with two minor changes

1. We report relative to USD (the recommendations are based on SEK)

2. We report on funds regardless of the data coverage, and we report the data coverage (the Swedish Investment Fund Association recommend only reporting on funds with at least 75% data coverage).

The full text of the guidelines from the

Swedish Investment Fund Association is found here: <http://fondbolagen.se/en/Regulations/Guidance/Guidance-for-fund-management-companies-reporting-of-funds-carbon-footprints/>

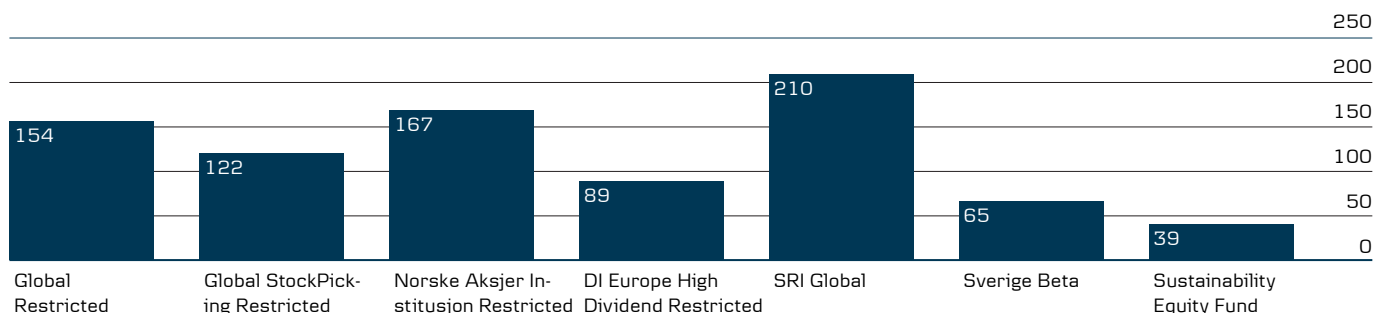
Trucost provides all data on company-level CO₂ emissions.



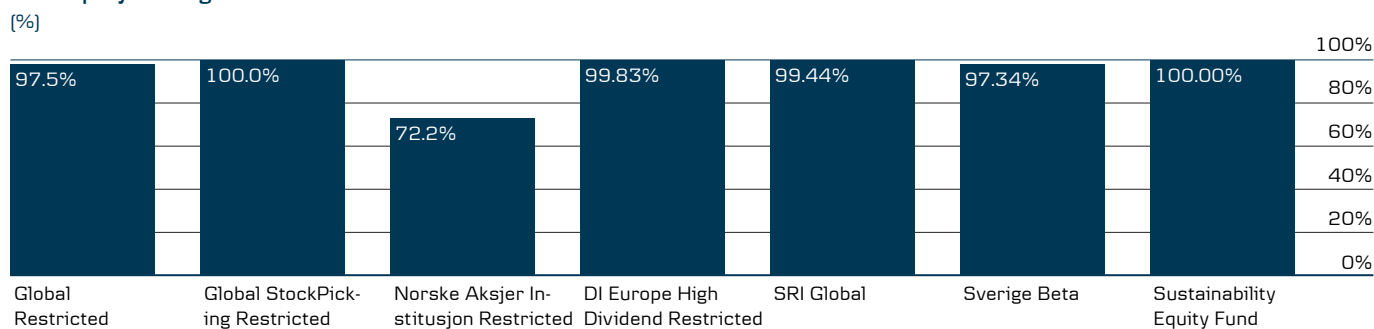
Carbon footprint measurements 2016

Carbon Footprint

(tonnes CO2e/USD mn revenue)



% of equity holdings in the fund with emission data



For all of the reported funds, we have emissions data on majority of the holdings in the fund. Above is an overview of the percentages of the equity holdings in the funds, which we have emission data on.

European Corporate Sustainable Bond Fund

In 2016 we launched a new sustainable product - the European Corporate Sustainable Bond Fund. It is not possible to use the same methodology for bonds, as are used for equities, since the method for equities are dependent on ownership of the companies within the fund. The carbon footprint of this fund is calculated as the weighted average of the carbon intensity of each company in the fund. This gives us the carbon

exposure of the fund, which is a measure of how exposed the fund is towards carbon intensive companies.

Carbon Exposure

(Ton CO2e/USDm revenue)

