

# SUSTAINABILITY-RELATED INFORMATION

Product information about financial products promoting environmental or social characteristics

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## **Equities Low Volatility CL (“the Fund”)**

This material describes the sustainability-related information that must be disclosed according to Article 10 of regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ( the Sustainable Finance Disclosure Regulation).

The information supplements the information stated in the prospectus for Investeringsforeningen Jyske Invest International (appendix to the prospectus on “the Fund’s environmental and/or social characteristics”).

### **1 Summary**

This Fund promotes environmental or social characteristics as described in Article 8.

In this document you can read about the following applicable to the Fund:

- No sustainable investment objectives
- Environmental and social characteristics of the product
- Investment strategy
- Share of investments
- Monitoring of environmental and social characteristics
- Method
- Data sources and data processing
- Limitations as to methods and data
- Due Diligence
- Policies of active ownership

### **2 No sustainable investment objectives**

This financial product promotes environmental and social characteristics but it will not make any sustainable investments.

### **3 The environmental and social characteristics of the financial product**

The Fund promotes environmental and social characteristics through the following approaches:

#### **CO<sub>2</sub>e reduction**

The Fund aims to reduce CO<sub>2</sub>e emissions

#### **Exclusion**

The Fund excludes companies:

- that can be related to controversial weapons.
- that breach internationally recognized norms and conventions, and that do not show willingness to enter into a dialogue on or sufficient progress in improvement of the circumstances.
- according to specifically defined criteria of exclusion based on environmental and social characteristics.

#### **Active ownership**

The Fund seeks to affect companies through active ownership. Active ownership is exercised through engaging dialogue with companies and issuers of covered bonds and/or the exercise of voting rights.

#### **ESG integration**

The Fund integrates data on environmental, social, and governance issues (ESG) in its investment decisions.

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## 4 Investment strategy

### **Investment strategy applied to meet the environmental or social characteristics promoted by this financial product**

The Fund follows an actively managed investment strategy to attain its environmental and social characteristics.

#### **CO<sub>2</sub>e reduction**

CO<sub>2</sub>e reduction is integrated in the investment strategy at portfolio level and at company level. The portfolio follows a defined CO<sub>2</sub>e reduction path and high-emission companies are identified with a view to assessing their plans for a transition to the low-emission society.

#### **Exclusion**

Before an investment decision is made, the companies are screened to avoid investments that violate the Fund's principles of exclusion. Moreover, ongoing screening of the portfolio takes place over the investment period.

#### **Active ownership**

Active ownership is integrated in the investment strategy through dialogue with companies on environmental and social issues, as well as governance issues relating to these with a view to affecting the companies' conduct and through voting at general meetings.

#### **ESG integration**

Environmental, social, and governance issues (ESG) are integrated in the investment process. ESG data are integrated in combination with traditional financial data and are used to make informed investment decisions and to form a differentiated impression of the companies' future earnings capacity and valuation. Before investment decisions are made, the companies' strategy and objectives for a sustainable development are assessed with focus on possibilities and risks. The systematic ESG analysis takes place by using an internal scorecard for the individual companies. This scorecard identifies companies with a particularly high exposure to sustainability risks, and which thus potentially involve an increased risk of financial losses. An active stance is taken on companies with weak ESG characteristics, and also, companies with strong ESG characteristics are identified. Each scorecard includes factors such as greenhouse gas emission, climate plans and objectives, involvement in ESG disputes, exposure to climate change solutions, and exposure to controversial business areas.

#### **The policy for assessing good leadership practices in companies receiving funds for investment**

The Fund integrates data on governance issues in the investment process, as it is assessed whether the issuers and companies meet the practice of corporate governance.

## 5 Share of investments

It is anticipated that 100% of the Fund's investments will attain the environmental and social characteristics that the Fund promotes. The share covers investments in equities that are subject to the Fund's exclusions and CO<sub>2</sub>e reductions.

For other investments, 0% is anticipated. The Fund may, however, include cash and derivatives. Such holdings are not in line with the Fund's environmental and social characteristics.

## 6 Monitoring of environmental and social characteristics

A large number of processes are in existence in order to monitor that the Fund promotes environmental or social characteristics as described in the Prospectus.

The Fund receives investment advice from Jyske Bank. Jyske Bank carries out screening and assessment of the Fund's investments with a view to assessing the environmental and social characteristics of the investments.

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Jyske Bank has access to a wide range of ESG data, which are used on an ongoing basis to monitor existing investments and to assess new investments.

In addition, Jyske Invest Fund Management A/S monitors on an ongoing basis the Fund's characteristics to ensure that the Fund meets the described environmental and social characteristics.

## 7 Methods

The attainment of environmental and social characteristics promoted by the Fund is measured through the following sustainability indicators:

### CO<sub>2</sub> reduction:

The Fund invests in accordance with the CO<sub>2</sub>e reduction requirements of the EU's Climate Transition Benchmark (CTB), supporting the transition to the low-emission society. Based on the year-end figures for 2020, the Fund's CO<sub>2</sub>e footprint will be at least 30% lower than the benchmark level and have a subsequent annual reduction rate of 7%. Reservations are made for changed calculation methods and incomplete data.

### Exclusions

The Fund excludes companies that can be related to controversial weapons such as anti-personnel mines, cluster weapons, and biological weapons, or companies that violate the UN Non Proliferation Treaty.

The Fund excludes companies that violate internationally recognised norms and conventions, including human-rights and employee rights, environmental and anti-corruption norms and conventions, if it is assessed that no sufficient progress or dialogue with the companies takes place. Exclusion will take place to the extent that sufficient data are available in this respect from the data supplier chosen (Sustainalytics).

The Fund applies criteria of exclusion based on environmental and social characteristics. Companies such as the following are excluded from the Fund:

- companies that produce thermal coal (if accounting for more than 5% of revenue)
- companies that produce tar sand (if accounting for more than 5% of revenue)
- companies that are involved in the coal-based power generation (if accounting for more than 30% of revenue)
- companies that produce tobacco products (if accounting for more than 5% of revenue)

Reservations are made for lack of identification of minor violations on the part of a few companies.

### Active ownership

The Fund seeks to affect companies through active ownership. Active ownership is measured on the basis of

- the number of dialogues with companies on environmental and social issues as well as governance issues relating to these
- the number of propositions on environmental and social issues as well as governance issues relating to these that were subject to a vote at general meetings.

The number of dialogues and the extent of voting must at least be higher than 0.

### ESG Integration

Investments are based on a sustainability analysis, which is based on an internal scorecard for the individual companies. Measuring takes place in terms of the number of investments with scorecards where the criterion is at least 90%.

## 8 Data sources and data processing

For the assessment and fulfilment of the Fund's environmental and social characteristics, a large number of data sources is being used.

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For the calculation of CO<sub>2</sub>e, MSCI and Jyske Bank are used as data sources.

Jyske Invest Fund Management A/S and the adviser (Jyske Bank) cooperate with an external data supplier, who is in charge of the norm-based screening. Sustainalitics is used as a data source.

For activity-based exclusions, for instance comprising activities related to controversial weapons, cooperation takes place with Sustainalitics, who is in charge of the norm-based screening.

It is assessed that through the selection of recognised data and analysis providers, the necessary measures have been taken to assess, measure and monitor the Fund's investments with sustainability characteristics.

## 9 Limitations as to methods and data

Data on sustainability are characterised by lack of consistent methods and limited transparency as regards the generation of individual sustainability scores. It has been established that various data suppliers score and assess companies differently, also as regards controversial conduct.

Hence ESG data from companies are to a greater extent given voluntarily, which means that, for instance large companies with extensive resources are able to provide more details about sustainability, and that results in a biased result indicating large companies have a better score than small companies. Moreover, problems in respect of data quality and data existence are seen across regions and asset classes, especially as regards emerging markets and, to some extent, lower rated mortgage bonds.

As regards CO<sub>2</sub>e statements, it is assessed that by far the majority of the large companies report on this issue – however, typically scope 1 and 2. Data for the CO<sub>2</sub>e emission relating to Danish covered bonds are not, however, based on the issuers' own reporting.

Limitations as to methods and data are not to any significant degree expected to affect the fulfilment of the environmental or social characteristics promoted by the Fund.

## 10 Due Diligence

The Fund receives investment advice from Jyske Bank. Jyske Bank's investment teams have access to a wide range of data and tools and possess great knowledge, training, and expertise within sustainability in order to support the due diligence process applied when rendering investment advice. In addition to the general principles for integration of sustainability risks, the team also assesses other material sustainability data to ensure that the Fund promotes environmental or social characteristics. Sustainability-related assessments are involved and affect the recommended investment decisions. In addition, the investment decision, risk management and assessment, compliance, and controlling functions at Jyske Invest Fund Management are involved, and hence overall a solid foundation of data, tools, and resources make it possible to ensure that the Fund promotes the environmental or social characteristics. Moreover, the companies' or the issuers' social characteristics and sustainability-related results as well as good governance, for instance through active ownership in cooperation with other investors, and recommendations of votes at general meetings, yet also through direct dialogue with companies or issuers, are promoted.

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## 11 Policies of active ownership

Active ownership of the companies in the Fund is exercised according to Jyske Invest Fund Management' policy for responsible and sustainable investment, which is available here: [Policy on responsible and sustainable investment at Jyske Invest](#).

### Review of information

**Date:**

2 January 2023

**Change:**

The information has been updated with a view to complying with The Commission Delegated Regulation (EU) 2022/1288