



## Investment and sustainability

Our objective in Velliv is to produce optimum return when investing on behalf of our customers. At the same time, we wish to invest in a way that respects the environment and society and contributes to sustainable development.

Below you will find information on how we work with sustainability risk integration. The following pages describe, among other things, the sustainability characteristics of your savings product and the investment strategy underlying it. You get the information according to a template which the EU has decided that Velliv and other financial companies must use.

### The share of sustainable investments may change over time

When we invest your pension savings, we make sure your investment risk reflects where you are in life. We scale down your investment risk by transferring parts of your savings to more stable investments as you get older and your retirement age approaches. The share of sustainable investments depends, among other things, on where you are in the downscaling process and the distribution of investments between different asset classes, such as shares, bonds and properties. The stated share of sustainable investments is the lowest share you can expect in the period you have the product

### We take sustainability risks into account when we invest

Sustainability risks include environmental, social or governance events or conditions, the occurrence of which could have a material adverse effect on the value of the investment. This could be climate risks due to climate change or damage after extreme weather. It could also be so-called transition risks, for example if CO2 taxes are introduced in the transition to a non-fossil fuel economy.

Velliv integrates sustainability factors into investment processes in order to identify and mitigate sustainability risks, and to secure the value of investments and optimise long-term risk-adjusted returns. The identification of sustainability risks is part of the investment process, together with other financial analyses. We continuously monitor our investments and the asset managers that invest on our behalf to identify sustainability risks and assess their impact on our investments.

### Where can I find out more?

You can find out more about Velliv's responsible investment and sustainability work, and about how sustainability risks are integrated into the investment process, on the website [velliv.dk/sustainability](https://velliv.dk/sustainability) and in [Velliv's annual Climate Report](#).



**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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: **VækstOpsparing Index Medium risk**

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**Yes**

   **No**

<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : ____% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable according to the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> : ____%	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 6%* of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with a social objective</li> </ul> <input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>
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\*) The share of sustainable investments changes over time. The stated share of sustainable investments is the lowest share you can expect in the period you have the product.



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

VækstOpsparing Index is a lifecycle product with passive management. This means that investments follow selected indices and therefore have a wide spread of investments across countries and sectors.

Common to all Velliv savings products is that we follow our Responsible Investment and Active Ownership Policy. This means that we also exclude companies and countries from VækstOpsparing Index that exhibit critical behaviour, and work actively to influence companies in a more sustainable direction.

Velliv can only ensure conformity to exclusion criteria in investments where we have decisive influence. Velliv does not have decisive influence in three of the corporate bond funds in the portfolio of VækstOpsparing Index and thus cannot guarantee that exclusion criteria are met.

### Exclusion of companies and countries

VækstOpsparing Index excludes investments in companies that are involved in the production and/or extraction of oil sands and thermal coal as well as controversial weapons and tobacco production. We do not regard these activities as compatible with the sustainable characteristics of VækstOpsparing Index

In the interests of democracy, human rights and freedom of expression, we exclude investments in sovereign bonds issued by countries that do not have a satisfactory approach to governance and management practices.

The exclusion criteria apply to Velliv's portfolio of listed shares and corporate bonds that Velliv holds in its own custody account. Velliv does not have decisive influence in three of the corporate bond funds in the portfolio of VækstOpsparing Index and thus cannot guarantee that exclusion criteria are met.

### Responsible engagement (active ownership)

We work actively to influence the companies we invest in to improve their management of relevant sustainability aspects and risks. Our work consists in dialogue with companies and voting at their annual general meetings. Any such voting is based on Velliv's own or the external managers' voting policy. This could, for example, be with the goal of promoting gender diversity on boards, companies setting climate objectives and companies reporting further on their human rights and climate impacts.

#### 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?***

In order to support the environmental and social characteristics of the product, we monitor whether the companies we invest in live up to how we expect them to manage environmental, social and governance (ESG) aspects. To this end, we use the following sustainability indicators, among others:

- **Carbon footprint** - we measure the carbon footprint of the underlying investments.
- **Taxonomy** - we measure activities aligned with the EU Taxonomy classification system.
- **The UN's 17 SDGs** - we measure how much the investments contribute to the 17 UN Sustainable Development Goals.
- **Engagement in environmental and social issues** - we work to influence the companies in the product to improve their performance in areas such as pollution, biodiversity, labour conditions, human rights and anti-corruption.
- **Number of votes on environmental and social issues** - we vote at company AGMs in favour of proposals that encourage companies to improve their sustainability performance.
- **Number and weight of companies and countries excluded from the product's investment universe** due to sustainability challenges.

#### ● ***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?***

We aim for the sustainable investments in VækstOpsparing Index to support one or more of the UN Sustainable Development Goals or to include activities aligned with the EU Taxonomy for sustainable activities (the EU Taxonomy).

**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.

In addition, we aim to reduce adverse ESG impacts. We seek to achieve this through dialogue with companies, by voting at general meetings and by excluding from the product's investment universe companies that do not act in line with the sustainability characteristics promoted by the product.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

We regularly screen all our investments to ensure they do not violate international principles of responsible corporate behaviour or significantly harm other social or environmental objectives. The screening is performed in accordance with our Responsible Investment and Active Ownership Policy.

— ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

Velliv engages in dialogue with and excludes companies from the investment universe by measuring material adverse sustainability impacts – known as Principal Adverse Impacts (PAI):

- Violation of UN Global Compact principles and the OECD Guidelines for Multinational Enterprises (PAI 10)
- Exposure to controversial weapons (PAI 14)

In order to monitor the adverse impact of investments and ensure that our sustainable investments do not adversely impact sustainability objectives, we also measure:

- Exposure to companies active in the fossil fuel sector (PAI 4)
- Activities negatively affecting biodiversity-sensitive areas (PAI 7)
- Social violations in investee companies (PAI 16)

Velliv uses active ownership to influence the companies we invest in to improve their environmental, social and governance practices. That enables us to minimise companies' potential adverse impacts on sustainability factors.

— ***How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

Investments in VækstOpsparing Index must at all times comply with Velliv's Responsible Investment and Active Ownership Policy, which is based on the following international principles and guidelines:

- The UN Global Compact
- The UN Guiding Principles on Business and Human Rights
- The OECD Guidelines for Multinational Enterprises

When we review our investments, we look at how the companies we invest in and our business partners comply with the above guidelines.

At Velliv we prefer to work with asset managers that have also signed up to the UN-backed Principles for Responsible Investments (PRI) or operate with similar principles.

*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?

**X** Yes

As described above, we measure the principal adverse impacts on sustainability factors. If the measurements show that an investment is not aligned with the characteristics of the product, Velliv takes action in relation to the company. You can find more information about the adverse impacts in our reporting and on velliv.dk.

No



### What investment strategy does this financial product follow?

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

The investment strategy in VækstOpsparing Index is a passive strategy that aims to create the best possible risk-adjusted return while taking into account our environmental and social footprint. We select external managers who invest across a broad range of options, such as listed shares, corporate credit and bonds.

In addition, the investment strategy allows for investment in assets that are expected to provide a high return and other assets with the aim of hedging against risk. VækstOpsparing Index thus has the characteristics necessary to balance return and investment risk in a life-cycle product.

In addition, the investment strategy follows the principles and practices set out in Velliv's Responsible Investment and Active Ownership Policy, which describes, among other things, the excluded investment options where Velliv has a controlling interest.

The policy is based on internationally recognised principles of responsible corporate governance, including governance practices and our approach to tax planning. These include:

- The UN Global Compact
- The UN Guiding Principles on Business and Human Rights
- The OECD Guidelines for Multinational Enterprises

● **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?**

There are no binding elements in our investment strategy.

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

We continuously monitor all investments in our portfolio to ensure, among other things, good governance practices. If we observe behaviour or incidents that are in violation of international corporate governance principles, we or our business partners may engage with the company with a view to preventing and/or changing the behaviour of the company.

Veliv's Responsible Investment and Active Ownership Policy describes in more detail how we assess good governance practices in the companies we invest in.

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

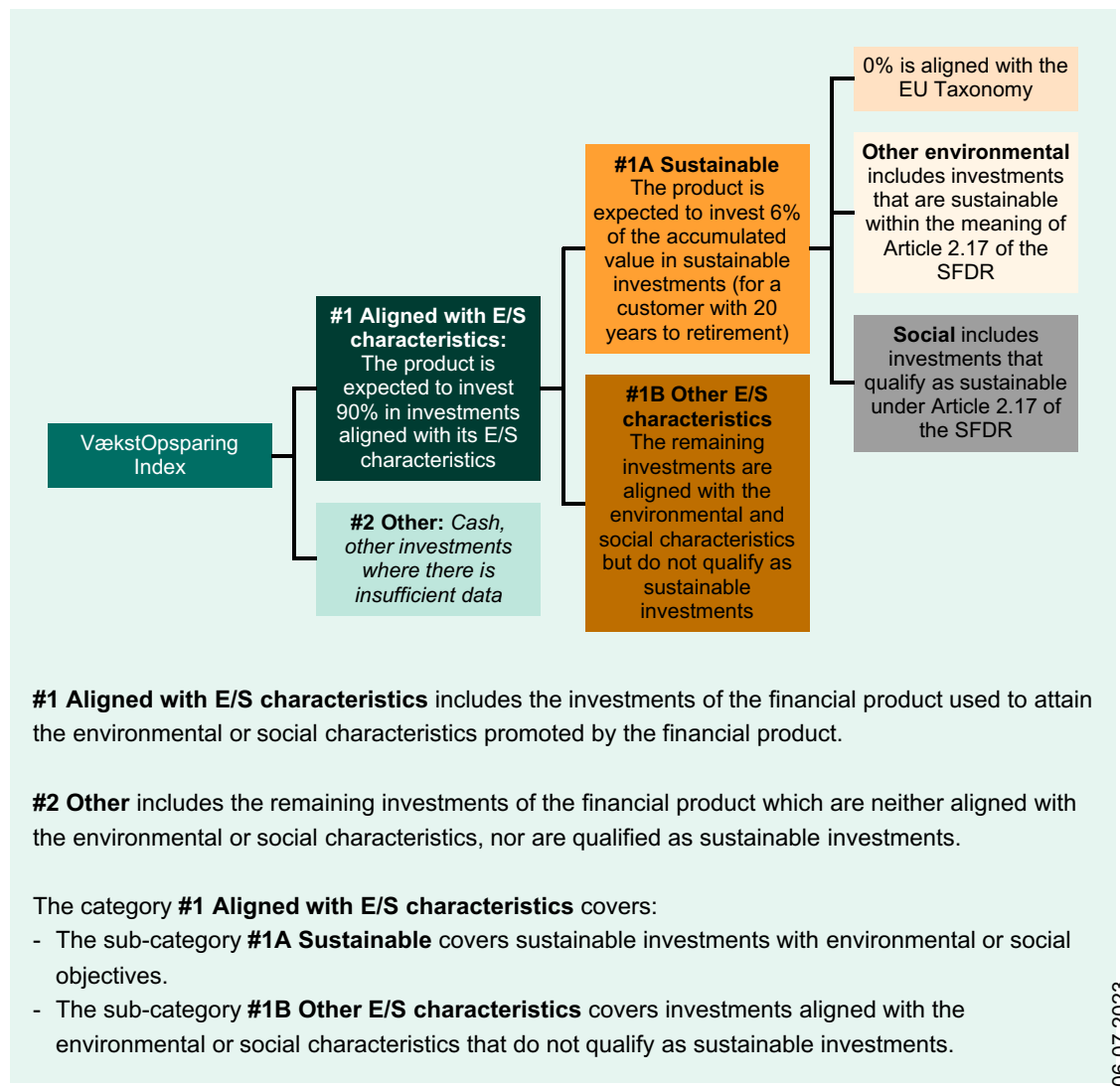


**What is the asset allocation planned for this financial product?**

**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.



**#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.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or lowcarbon fuels by the end of 2035. For **nuclear energy**, the 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.



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

There is currently insufficient data to assess alignment with the EU Taxonomy. As a result, we have set the share of investments in VækstOpsparing Index at 0%.

As EU legislation develops and companies provide the necessary data, we will be able to provide better information on the minimum level of sustainable investment aligned with the EU Taxonomy.

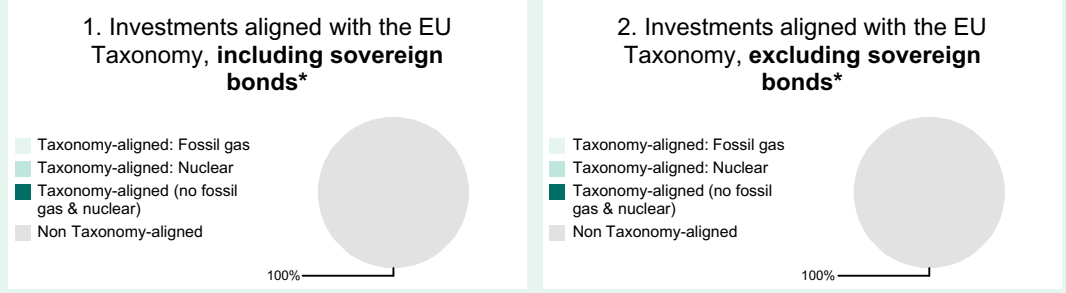
Once the necessary data are available, we expect to provide the information in connection with our periodic product reporting.

**What is the minimum share of investments in transitional and enabling activities?<sup>1</sup>**

- Yes**
- In fossil gas     In nuclear energy
- No**

<sup>1</sup>) Fossil gas and/or 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 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.

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 bonds\*, 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.



<sup>\*)</sup> For the purpose of these charts, "sovereign bonds" includes all sovereign exposures

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

We have not set targets for the proportion of investments in transitional activities and in enabling activities. The minimum proportion is therefore set at 0%.

 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?**

VækstOpsparing Index may invest in economic activities that are not yet considered environmentally sustainable according to the EU Taxonomy. As stated above, we do not currently have the data necessary to determine the share of the product's investments that is aligned with the EU Taxonomy. For the same reason, we cannot quantify the share that is not aligned with the EU Taxonomy.

VækstOpsparing Index contains investments with both environmental and social objectives, where the investment strategy does not focus on a specific allocation between these.



**What is the minimum share of socially sustainable investments?**

As mentioned above, VækstOpsparing Index contains investments with both environmental and social objectives, where the investment strategy does not focus on a specific allocation between these.



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

Cash and other investments may be used as liquidity or to balance the investment risk. The category may also include investments where we do not have access to relevant data.



**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

**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?**

You can find more information at [velliv.dk/sustainability](https://velliv.dk/sustainability).