

Sustainability Policy

1. Objective

The objective of the Sustainability Policy (the “Policy”) is to codify and communicate Danica’s approach to managing and contributing to the sustainability transition. This transition is of significant strategic importance for Danica, as it presents both challenges and opportunities for our customers, our business, and for society. The Policy is aimed at ensuring that we manage sustainability-related impacts, risks, and opportunities accordingly. This includes ensuring that sustainability considerations are integrated in our business operations as well as in our relationships with suppliers, partners and customers.

The Policy confirms our commitment to responsible business and investment practices.¹ Furthermore, the Policy contributes to ensuring adherence to regulatory obligations in relation to sustainability reporting, regulatory obligations, external standards such as the recommendation on corporate governance from the Danish Committee on Corporate Governance regarding corporate social responsibility, as well as voluntary sustainability commitments made by Danica, which are listed on our website.² Moreover, it supports Danica’s purpose and culture commitments as stipulated in Danica’s Code of Conduct Policy.

The Policy functions together with several related policies and instructions (listed under Appendix 3) and serves as an overarching policy connecting these interlinked elements. Danica incorporates sustainability into relevant policies, including those governing key risk types.

Lack of adherence to the Policy may lead to disciplinary actions.

2. Definitions

The definitions for the terms used throughout this Policy are available in Appendix 1.

3. Scope and target group

The Policy lays out the principles for managing sustainability-related impacts, risks, and opportunities throughout Danica.

The Policy applies to all employees, all functions and all units in Danica that perform sustainability activities and have influence on sustainability-related impacts, risks, and opportunities as part of their job function.

4. Policy content

4.1 Principle 1: We assess the importance of sustainability topics with reference to a double materiality perspective and in line with regulatory and scientific guidance

We assess the importance of sustainability topics with reference to a double materiality perspective, i.e. considering both how sustainability issues can affect our financial performance (“financial materiality”), and how our activities can impact the environment and society (“impact materiality”) – positively as well as negatively. This involves using empirical data as well as engaging with stakeholders to qualify our understanding of sustainability-related impacts, risks, and opportunities. We strive to base our assessments on the best available

¹ Information on Danica’s sustainability strategy is publicly available [via our website](#).

² This list is available via danskebank.com/sustainability/publications-and-policies

data as well as widely recognised methodologies and scientific guidance, with due consideration to regulatory requirements and guidance. We seek to understand financial and impact materiality for both our own operations and across our value chain.

Moreover, as part of Danica's policy for Own Risk and Solvency Assessment (ORSA) climate scenario analysis is defined and used to assess financial impact based on a solvency perspective.

4.2 Principle 2: We take a strategic approach to manage our most material sustainability-related impacts, risks, and opportunities

We focus our efforts on the topics, sectors and segments that are most financially material to our business and where we have the greatest actual and/or potential societal impact. We therefore define strategic priorities for managing our most material sustainability-related impacts, risks, and opportunities.

To ensure that we deliver on our strategic priorities, we set and regularly calibrate ambitions and targets within our defined sustainability agendas. Furthermore, we take stances on sectors and sustainability themes that are relevant to our business and where there are elevated financial risks and potential impacts. These stances are anchored in respective staff and business functions and processes, in accordance with applicable governance requirements, and we communicate key aspects of these stances externally via our Position Statements together with the Danske Bank Group to ensure due transparency and accountability. To support our strategy execution and foster joint action on specific sustainability themes, we also engage in voluntary sustainability initiatives and commitments that we deem to be relevant.

4.3 Principle 3: We integrate management of material sustainability-related impacts, risks, and opportunities in our governance and key processes

We integrate material sustainability considerations in our governance and key processes, to ensure that we execute on our strategic priorities regarding sustainability-related impacts, risks, and opportunities. We specify how we integrate sustainability in the governing documents for the individual key processes, including in the policies and other key governing documents listed under Appendix 3. To ensure that sustainability is integrated in the way we do business, our standard approach is to manage material sustainability-related impacts, risks, and opportunities through our general policies, processes and functions, rather than through stand-alone policies on specific environmental, social or governance themes.³

Our approach to this integration is rooted in regulatory requirements as well as globally recognised frameworks, principles and standards for sustainability, including those mentioned in section 1. Our approach to the management of sustainability-related impacts, risks, and opportunities, is differentiated across business areas, depending on the customer segment, the financial products and services we offer, the business potential, the size of the transaction, potential customer impact and the assessed risk of negative environmental and social impact.

4.4 Principle 4: We execute efficiently on our sustainability priorities through diligent monitoring and steering, supported by relevant competencies and a culture of responsible investing

We enable execution on Danica's sustainability strategy through effective monitoring and steering, including clear ownership of the respective strategy execution streams and targets as well as timely and relevant management information for the respective decision-making bodies.

³ For example, material environmental, social and governance related impacts, risks, and opportunities concerning our approach to integrating ESG topics in investment decisions is governed by our Responsible Investment Policy, and our Remuneration Policy governs how we integrate sustainability-related targets into our variable remuneration.

We also strive to ensure that we have the right competencies and capabilities as well as a sound and responsible culture in place to deliver on our strategic sustainability priorities. We therefore conduct training activities across all levels of the organisation, with a differentiated approach according to organisational roles and functions. Furthermore, we conduct leadership training and engagement to ensure that we foster a culture of responsible business in line with our Code of Conduct Policy.

4.5 Principle 5: We provide stakeholders with relevant information about our sustainability approach and performance through true and fair reporting and disclosures

We recognise the importance of providing transparency and clarity for establishing credibility and legitimacy within the sustainability agenda, implying a need for solid disclosures and reporting in line with regulatory requirements and stakeholder expectations. Our disclosures form the foundation for our stakeholder engagements by providing a shared understanding of our material sustainability-related impacts, risks, and opportunities.

5. Roles & responsibilities

- Danica's Board of directors is responsible for setting the overall strategy direction and ambition level of Danica. This includes, but is not limited to, approving Danica's strategic approach to sustainability, the sustainability statement as part of Danica's annual report, as well as sustainability-related policies owned by the Board.
- Danica's Executive Management Team is responsible for executing the overall strategic direction and ambition level of Danica on sustainability including sustainability KPIs and targets.
- Danica's Executive Management Team is responsible for ensuring due integration of the identified impacts, risks and opportunities on Danica's strategy, governance and key processes. Furthermore, the Executive Management Team is responsible for ensuring true and fair reporting and disclosure on sustainability.
- Danica's Executive Management Team can delegate the implementation of this Policy to employees, who have the necessary knowledge, insight and experience to exercise the authorities received appropriately and in accordance with said principle.
- The roles and responsibilities of respective organisational units in relation to the key activities and deliverables governed by this Policy, including the responsibilities of all business units regarding strategy development and execution, are defined in associated instructions and business procedures.
- The Head of Sustainability is responsible for:
 - Facilitating development of Danica's strategic approach to sustainability in collaboration with relevant units, including target-setting and development of recommendations regarding Danica's approach and positions on sustainability themes.
 - Overseeing execution of Danica's sustainability strategy, including development of timely and relevant management information to enable monitoring of this execution and adherence to Danica's sustainability positions and voluntary commitments.
 - Ongoing monitoring and recommendations regarding development of Danica's operating setup regarding sustainability, with a focus on ensuring clearly defined roles and responsibilities across units, including for activities relating to external sustainability reporting and disclosures, and that overall sustainability training programmes are in place to support the continued development of sustainability competencies across Danica.

- Taking a challenger role in relation to other units when it comes to their sustainability approach and performance to support the implementation of the principles set out in this Policy.

6. Escalation

Where a breach or potential breach of this Policy has been identified, an Employee must report this in accordance with the escalation procedure prescribed in the policy / instruction listed in Appendix 3, if it relates to an area governed by one of these policies / instructions. For areas solely governed by this Policy, an Employee must report to their line manager and inform the Policy Administrator (Head of Sustainability in Danica).

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.

Where significant breaches of this Policy are identified, the Policy Administrator, following an internal assessment with relevant stakeholders, must report to the Policy Owner (CEO). Significant breaches include, but are not limited to, failures in relation to the following, where such failures lead to severe negative impact to Danica, fulfilling the criteria of a 'large' or 'very large' risk events:

- Formulate strategy and plans for material sustainability topics.
- Identify and manage material sustainability-related impacts, risks, and opportunities.
- Produce relevant and timely management information for steering on sustainability.

The CEO must escalate significant breaches of the Policy to the BoD as deemed appropriate.

7. List of appendices (use if relevant)

Appendix 1 – Definitions

Appendix 2 – Authors and input providers

Appendix 1 – Definitions

The below definitions apply to the terms used throughout this Policy.

ESG	Environmental, social and governance
Impacts, risks and opportunities (IROs)	“Impacts” refers to positive and negative sustainability-related impacts that relate to Danica’s business. While Danica does not conduct a formal impact materiality assessment as defined under CSRD, it applies elements of the methodology where considered relevant and appropriate. “Risks” and “opportunities” refer to Danica’s sustainability-related financial risks and opportunities, including those deriving from dependencies on natural, human and social resources. Collectively, the terms are referred to as “impacts, risks, and opportunities” (IROs), and reflect the double materiality perspective described in Section 4.1 of this Policy.
Position Statements	Publications outlining the Danske Bank Group’s stance on sustainability-related matters in relation to specific sectors and themes.
Sustainability	In broad terms, sustainability can be understood as meeting the current needs of society without compromising the needs of future generations by keeping economic, social and environmental factors in balance.

Appendix 2 – Related policies and instructions

Examples of related policies and instructions outlining how Danica works with specific topics relating to sustainability include (in Danish):

- Forretningsgang for bekæmpelse af bestikkelse og korrupsion
- God governance i Danica
- Politik for Code of Conduct
- Data Risk Management Policy (inkl. dataetiske principper)
- Politik for interessekonflikter
- Politik for mangfoldighed og inklusion
- Politik for Risikostyring
- Politik for Aktivt Ejerskab
- Forretningsgang for integration af bæredygtighedsrisici
- Politik for Financial Crime
- Direktionsinstruks for Indkøb
- Aflønningspolitik for Danica Pension
- Politik for Ansvarlige Investeringer
- Direktionsinstruks for interessenthåndtering i Danica Pension
- Skattepolitik i Danica Pension
- Politik for Treating Customers Fairly i Danica
- Politik for Whistleblowing i Danica Pension
- Politik for produkttilsyn og styring i Danica
- Politik for ikke-finansielle risici