Responsible Investment Policy

January 2023

1. Objective

The objectives of the Responsible Investment Policy (the "**Policy**") are to establish and communicate the approach of Danica Pension to responsible investments and to ensure adherence to internal governance, applicable laws, endorsed external standards which Danica Pension as part of the Danske Bank Group supports, as well as Danske Bank Position Statements.[1]

The Responsible Investment Policy is a cornerstone of Danica Pension's ambitions to integrate sustainability into core businesses, and it supports our vision to be recognised as leading in the Nordic countries within the area of responsible investments. When customers entrust us with their assets and savings for investment, it is our duty to serve our customers' best interests by providing investment solutions that aim to deliver competitive and long-term performance. An integral part of this duty is investing responsibly. As a responsible investor, we are mindful of not only how investment performance is affected by sustainability factors, but also the impact on society that our investments may cause.

Our Responsible Investment Policy is further incorporated and elaborated upon in the Danske Bank Group's Sustainability Risk Instruction, Exclusion Instruction, Inclusion Instruction and Danica's Active Ownership Policy with supporting Guidelines and Principal Adverse Impact Statement (manufacturer statement).

2. Definitions

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

Active Ownership	The use of rights and position of ownership to influence the activities or behaviour of investee companies based on financial and/or impact materiality considerations. Active ownership is exercised by taking an active interest as an investor in the investee companies' circumstances, development, and management, and by adopting a long-term focus in the company in line with, for instance, the EFAMA Stewardship Code and the Shareholder Rights Directive II.
Danica Pension	Danica Pension Livsforsikringsaktieselskab with its subsidiaries
Do No Significant Harm	A principle ensuring that neither environmental nor social objectives are significantly harmed when investing sustainably as measured against indicators on principal adverse impacts, minimum social and environmental

[1] As set out in Appendix 1.

	safeguards and/or screening criteria defined by regulations.
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.
Environmental and Social materiality (also referred to as "societal materiality" and "impact materiality")	The inside-out impacts that an issuer's/company's economic and financial activities may have on sustainability factors
ESG	Environmental, social and/or governance.
Exclusions	The exclusion of certain sectors, companies, and products from investment portfolios/strategies on the basis of identified adverse sustainability impacts, expressed weak sustainability standards, and/or failure to meet minimum social safeguards.
Financial Materiality	The outside-in impacts that sustainability factors may have on a company's/issuer's economic and financial activities throughout their entire value chain (both upstream and downstream), affecting the value (returns) of such activities.
Group	Danske Bank with its subsidiaries.
Inclusion	The active inclusion of a company/issuer in investment portfolios/strategies on basis of sustainability-related considerations.
Pension Products	Pension products, pension schemes and, as relevant, IBIPs
Principal Adverse Impacts	Negative impacts that investments might have on Sustainability Factors as measured through indicators defined in SFDR.
SFDR	Regulation (EU) 2019/2088 of the European Parliament and of the Council on Sustainability-Related Disclosures in the Financial Services Sector.
Sustainability Factors	Environmental, social and employee-related matters, respect for human rights, anti-corruption, anti-bribery matters.
Sustainable Investment	An investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy. Or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations. Or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.
Sustainability Risks	An environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential

	material negative impact on the value of the investment or on the value of the liability .

3. Scope

This Policy outlines principles for Responsible Investment, including Sustainability Risk integration in investment decision making processes, at Danica Pension. The Responsible Investment Policy applies to the Investment Management activities of Danica Pension in respect to Pension Products manufactured within Danica Pension.

3.1 Target group

The Policy is a Group policy that applies to all employees, all functions, and all units in Danica Pension that perform investment management activities as outlined herein.

In case a Group Policy conflicts with local regulatory or other requirements, the regulated subsidiary may approve a similar policy with the necessary deviations.

4. Danica Pension's Approach to Responsible Investments

At Danica Pension, responsible investments play a key role when we invest our customers' assets through managed pension products. Danica Pension's approach to responsible investments is based on the principle of Double Materiality.

As a responsible investor, we are mindful of not only how Sustainability Factors impacts investment performance (**Financial Materiality)** but also how our investments may have positive and/or negative impacts on society (**Environmental and Social Materiality**). We refer to this as "Double Materiality" considerations. We believe that attentiveness to these sustainability dimensions when investing is a cornerstone of our fiduciary duty to create value for customers *and* to create a responsible investment product offering that support the transition to a more sustainable society. Based on what is relevant for a specific asset class and investment strategy, these Double Materiality considerations can be addressed through **Inclusions, Exclusions** and **Active Ownership.**

We disclose our approach to responsible investments and report on our efforts in order to be transparent and held accountable for our investment processes and activities. We also provide our annual progress report to for instance the UN Principles for Responsible Investment (PRI), the Net Zero Asset Owner Alliance and the Task Force on Climate-related Financial Disclosures (TCFD).

The aim is to communicate in such detail that stakeholders can find answers to any questions on our investment processes and activities in a clear and accessible way. The information is published on our websites and, whenever relevant, disclosed and reported directly to customers and other stakeholders.

Where appropriate, we collaborate with peers, like-minded investors and other relevant parties, to reduce negative and maximise positive impact on sustainability factors. We also welcome an open dialogue with our stakeholders and value the opportunity to collaborate, where relevant. We, including through Danske bank, participate in investor initiatives that aim to increase transparency and sustainability standards in companies and financial markets, such as the CDP (formerly the Carbon Disclosure Project), SASB, the Institutional Investors Group on Climate Change (IIGC), the Paris Pledge for Action, the Net-Zero Asset Owner Alliance, , the Emerging Markets Investor Alliance (EMIA), the Montréal Carbon Pledge, the Task Force on Climate-related Financial Disclosures (TCFD), and the UN-supported Principles for Responsible Investment (UN PRI)[2].

[2] As further set-out in Appendix 1.

Principle 1: We aim to protect the value of investments and generate attractive returns

As a part of our fiduciary duties to customers, we are committed to identify negative risk exposures with a financial impact on investments. This implies a duty to systematically identify Sustainability Factors that may pose a risk of causing material negative impact to the value of an investment (Sustainability Risk) and integrating considerations of such factors into our pension products.

For a sustainability factor to be considered financially material, it needs to have the potential to translate into investment performance and have negative (or positive) impact on either the revenue/expenses of the company, the value of its assets/liabilities or its cost of capital. By analysing Sustainability Factors in conjunction with other financial factors, it is possible to gain greater insights into the investments and thereby identify Sustainability Risks and investment opportunities.

Financially material Sustainability Factors are unique to each company and are determined by, for instance, business activities, industry categorisation and domicile. To assess which Sustainability Factors that have a potential material negative or positive impact on the value of an investment, Danica Pension's portfolio managers are guided by standards such as the SASB Standards. The SASB Standards identifies the subset of sustainability issues most relevant to financial performance and enterprise value for different industries and provides proprietary analyses of sustainability issues.

Sustainability Risk exposures should be well managed and, as needed, lead to and/or influence a decision to either buy/increase weighting, hold/maintain weighting, decrease weighting, or sell/divest or to engage through our Active Ownership activities. The proper management of Sustainability Risks can, however, be challenged by several factors, including lack of comprehensive and standardised data and that Sustainability Risk factors often are complex, multidisciplinary and interlinked, which can make them difficult to assess in their entirety.

Appreciating that investments have different characteristics and are affected differently by Sustainability Factors, the investment team tailors the analysis of Sustainability Factors to the specific investment strategy and asset class.

Further information on how we identify, manage and control Sustainability Risks is to be outlined in a Sustainability Risk Instruction and our Active Ownership Policy.

Principle 2: We aim to analyse and assess the impacts that investments have on environment and other societal dimensions

We aim to analyse and assess the negative impacts and positive impacts of our investments and to address these aspects in accordance with the needs of our customers. We support the goals of achieving net zero green-house gas emissions by 2050 in line with ambitions of the Paris Agreement to limit the increase of global warming to below 1.5°C.

2.1. Principal Adverse Impacts

We refer to negative impacts on sustainability issues as "**Principal Adverse Impacts**" materialised through for instance carbon emissions, fossil fuel exposure, waste levels, gender diversity, due diligence over human rights and a company's efforts to avoid corruption, bribery, and other practices harmful to society. As part of Danske bank, we prioritise the management of these impacts in accordance with Danske Bank Group Position Statements and other sustainability-related strategies and commitments.

Principal Adverse Impacts are identified through our screening of Environmental and Social materiality. Our screening focuses on a core set of universal mandatory indicators that always lead to Principal Adverse Impacts and additional indicators we have committed ourselves to assess. Subject to data availability, our selection of Principal Adverse Impact indicators follows the methodology/guiding principle of selecting the indicators which are relevant to consider based on our investment management philosophy and exposures. We are continuously striving to expand the list to ensure that our processes capture such negative dimensions to the largest extent (see current list of selected Principal Adverse Impact indicators in our Principal Adverse Impact Statement).

Principal Adverse Impact considerations can lead to or influence decision-making to either buy/increase weighting, hold/maintain weighting, decrease weighting, or sell/divest. As a minimum standard, principal adverse impacts are managed through **Exclusions** and **Active Ownership** activities. However, this may at product level be supplemented by **Inclusion** criteria that further addresses specific Principal Adverse Impacts.

Danica Pension will through Danske Bank report on impacts that have been identified on an annual basis, and we also strive to report on Principal Adverse Impact on the majority of our responsible investment product offerings.

Further information on how we, as a part of the Danske Bank Group identify, manage and control Principal Adverse Impacts are outlined in the Principal Adverse Impacts Statement, Exclusion Instruction and our Active Ownership Policy.

2.2. Positive Impacts

We identify positive impacts on investments by screening issuers/companies for best-in-class operations, positive contribution to sustainability objectives (Sustainable Investments) as defined in relevant methodologies, sound sustainability practices, sound environmental stewardship etc. as integrated in investment strategies and portfolios for a variety of our managed responsible pension products.

Our Pension Products may in that respect for instance apply **Inclusion** to invest fully or partially in Sustainable Investments or in investments aligned with the EU Taxonomy criteria for environmentally sustainable economic activities. Such investments can through funding help solve problems related to specific sustainability themes and support the achievement of one or more of the United Nations Sustainable Development Goals.

2.3. Responsible Investment Products

Danica Pension manages Pension Products with different levels of sustainability ambitions enabling customers to select the products best designed to cater for their sustainability preferences. Notwithstanding sustainability preferences, all pension products managed by Danica Pension take due account of sustainability risk dimensions.

For further information on how we incorporate adverse impacts and positive impact considerations into responsible Pension Products, see pre-contractual documentation and reporting for these pension products.

5. Governance

Governance, transparency, and stakeholder dialogue are key elements when it comes to ensuring an efficient execution of our Responsible Investment Policy. Our governance structure sets clear roles and responsibilities. Sustainability-related KPIs (e.g., Sustainability Risk) are also included in the performance assessment of relevant employees, and we ensure sufficient competence is in place to manage the sustainability dimensions of our investments. The governance is supported by the establishment of the Responsible Investment Committee of Danske Bank where Danica is represented, which has the task of endorsing the overall ambition, strategic direction and principles for the Danske Bank Group's Responsible Investments efforts.

6. Review

The Policy is managed by the Board of Directors of Danica Pension. The Policy must be reviewed and approved annually as a minimum. It is the responsibility of the Responsible Investment Team to ensure that the Policy is updated and approved. Group Compliance and 2nd line Group Risk Management are a required reviewer prior to the approval to challenge the governing information.

Danske Bank's Business Integrity Committee receives updates on the implementation of the Responsible Investment Policy annually from the Responsible Investment Team.

The Responsible Investment Committee and the ESG Integration Council guide the execution of the Responsible Investment Policy and underlying instructions. The Responsible Investment Committee reports on the issues, actions and decisions it takes to the Business Integrity Committee.

Appendix 1

A non-exhaustive list of the applicable sectoral regulations and external standards that Danica both individually and as part of the Danske Bank group support and have been taken into account by the Responsible Investment Policy is available below:

- Sectoral Regulations and Directives as implemented in local laws;
    - Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)
    - Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)
    - Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (AIFMD)
    - Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID II)
    - Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 regarding the encouragement of long-term shareholder engagement (Shareholders Rights Directive II)
    - Regulation (EU) 2019/2088 of the European Parliament and Council on sustainability-related disclosures in the financial services sector (SFDR) and underlying delegated acts

- External Standards and Commitments
    - UN Sustainable Development Goals (SDGs)
    - UN Global Compact
    - UN Guiding Principles on Business and Human Rights
    - UN Principles for Responsible Investment
    - OECD Guidelines for Multinational Enterprises
    - G20/OECD Principles of Corporate Governance
    - Sustainability Accounting Standards Board (SASB)
    - Net Zero Asset Managers Initiative
    - Net-Zero Asset Owners Alliance
    - The Task Force on Climate-related Financial Disclosures (TCFD)
    - CDP (formerly Carbon Disclosure Project)
    - Paris Pledge for Action
    - The Montréal Carbon Pledge
    - Climate Action 100+
    - The Partnership for Biodiversity Accounting Financials (PBAF)
    - The Partnership for Carbon Accounting Financials (PCAF)

- The Danske Bank Group position statements[3]
    - Danske Bank Position Statement Agriculture
    - Danske Bank Position Statement Climate Change
    - Danske Bank Position Statement Fossil Fuels
    - Danske Bank Position Statement Mining and Metals
    - Danske Bank Position Statement Arms and Defence
    - Danske Bank Position Statement Forestry
    - Danske Bank Position Statement Human Rights

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[3] See Danica Pension Sustainable Finance Policy & Position Statements: https://danskebank.com/sustainability