

Societal Impact & Sustainability Policy

February 2020

1. Purpose

The Societal Impact & Sustainability Policy (the Policy) governs Danica Pension's approach to societal impact and sustainability, and confirms our commitment to responsible business practices.

In Danica Pension, we believe that the integration of environmental, social, governance and economic perspectives is key to running a sustainable long-term business. We recognise that we have a sizeable societal impact. We are driven by an ambition to operate responsibly, sustainably and transparently and have a positive impact on the societies we are part of.

Building on the business strategy, our Societal Impact & Sustainability Strategy is a key lever for our ambition to being recognised as the most trusted financial partner. It also enables us to act in accordance with our core values and to deliver on our customer promise. To this end, we hold ourselves to a high ethical standard where profit may never overshadow responsible behaviour. Our Management is in particular expected to be role models in regards to good behaviour, assuming responsibility and driving a sustainable business.

We ensure compliance with applicable laws and regulations in the countries where we operate, and when conducting business we also respect the spirit and intention behind the laws and regulations. We adhere to internationally recognised sustainability principles for environmental protection, human and labour rights, business ethics and anti-corruption.

2. Scope and application

The Policy outlines the areas and practices that are essential not only for Danica Pension to succeed with the Societal Impact & Sustainability strategy but also to live up to our international commitments, market expectations and legal requirements. The Policy also lays down the governance structure for societal impact and sustainability at Danica Pension.

The Policy applies to all employees, all functions, and all units in Danica Pension.

3. Target group

This Policy is relevant to all employees in Danica Pension.

It is the responsibility of each head of subsidiaries and each L2 managers in Danica Pension to ensure that the Policy is implemented and complied with where relevant within his/her respective area of responsibility.

4. Approach and priorities

This Policy is based on applicable law and regulation in the countries where we operate and on the international recognised sustainability principles that Danica Pension supports. It sets our approach and priorities which are integrated into decision-making processes through strategies, policies and processes.

Our approach is to integrate societal impact and sustainability into our core business through sustainable investments, sustainable operations, sustainable workplace & culture and community involvement & stakeholder engagement:

4.1. Sustainable investments

In order to mitigate risks and build new and innovative services and products, we integrate environmental, social and governance (ESG) considerations into our practices within investment and treasury.

4.1.1. Investments

When our customers entrust us with their pension savings and life insurances it is our fiduciary duty to serve their interests by providing investment solutions with the goal of delivering long-term attractive returns and here sustainable investments play a key role. We integrate ESG matters into the investment process as factors alongside financial factors, and we are active owners who influence companies directly through dialogue, voting and collaboration with peers. Our investment universe is screened to identify ESG risks related to portfolio companies with respect to industry best practice, norms and voluntary frameworks for sustainability.

Danica Pension has a specific Sustainable Investment Policy.

4.1.2. Treasury

We integrate environmental considerations into the Danica Pension's own portfolio management.

4.2. Sustainable operations

We conduct our business in a responsible and transparent manner while incorporating ESG considerations into our operational business practices and across the value chain.

4.2.1. Customer relationships

We act with integrity to ensure the trust of our customers by ensuring compliance across all business activities, by preventing financial crime and by eliminating all forms of corruption. We build long-term responsible customer relationships by providing responsible and sustainable advice across customer segments and through easy and secure access to financial products and services. We ensure that customer data is kept safe and secure with respect to data privacy.

Danica Pension has a set of specific policies: Anti-Money Laundering (AML), Counter-Terrorist Financing (CTF) & Sanctions Policy, Code of Conduct Policy, Security Policy and Tax Policy.

4.2.2. *Supplier relationships*

We ensure responsible supplier relationships by integrating ESG considerations into our procurement processes. We maintain constructive relations with our suppliers based on dialogue and improvement. We expect our suppliers to respect international recognised sustainability principles and set similar standards in their supply chain. Furthermore, if a product potentially has an adverse environmental impact, we integrate environmental requirements.

Danica Pension has a specific Supplier Code of Conduct.

4.3. **Sustainable workplace & culture**

We promote a sustainable workplace and culture by focusing on the structural, cultural and physical working environment that we provide our employees.

4.3.1. *Structural and cultural workplace*

We are a responsible employer and we base our actions on our core values. We provide challenging and meaningful work, and give our employees the opportunity to develop and grow. We sustain a healthy and safe working environment and a collaborative culture where our employees feel engaged. We set clear expectations for our leaders to role model our values, drive customer centricity, and inspire their employees to succeed. We promote diversity and an inclusive culture, ensure equal opportunity and eliminate discriminatory treatment. We protect our employees' right to freedom of association and collective bargaining, right to privacy and right to raising concerns without fear of retaliation. We urge our employees to share concerns, listen to each other and have honest and open dialogues about challenging matters. Both leaders and employees must all work together and enable each other to take action if something does not seem right and escalate the matter to relevant parties.

Danica Pension has a specific Diversity & Inclusion Policy and Escalation Policy.

4.3.2. *Physical workplace and environmental footprint*

We achieve a strong environmental performance by working systematically to limit the negative environmental impact of our business operations. We strive to minimise the environmental impact of our operations and reduce our CO₂ emissions through energy and environmental management.

4.4. **Community involvement & stakeholder engagement**

We engage with all our stakeholders through collaboration and dialogue and we make our expertise available for the benefit of the societies we are part of. We engage employees in local volunteering activities and events and we are involved in solving relevant societal challenges at national level.

Danica Pension has a specific Stakeholder Policy.

Additionally, we have prioritised three strategic themes where we will apply our skills and expertise to contribute to the UN Sustainable Development Goals (SDGs). We will help society transition to a net zero carbon economy by investing in green transition, thereby contributing to SDG No. 13 'Climate Action'. We will also help people and businesses to increase their financial confidence, thereby directly contributing to SDG No. 4 'Quality Education'. Finally, we will help people and businesses to have a healthy work and senior life, contributing to SDG No. 3 'Good Health & Well-being'.

5. Governance

Responsibility and appropriate internal governance is key to a sustainable business model. We ensure robust and mature internal governance procedures, and we organise ourselves to support and ensure that the appropriate responsibility is allocated to all business functions and areas.

The Board of Directors has final ownership of this Policy.

The Business Management in Danica Pension is responsible for the development and integration of the Policy and the Societal Impact & Sustainability strategy for Danica Pension.

Each head of subsidiaries and L2 managers in Danica Pension are responsible for the implementation of the Societal Impact & Sustainability strategy within their respective areas.

6. Reporting

As part of the external annual reporting Danica Pension is integrated in Danske Bank's reporting on its societal impact and sustainability approach and performance. An independent third party assures the Danske Bank Group's social and environmental data, and progress is published on www.danskebank.com. The annual reporting on sustainability adheres to Danish and European legal requirements on disclosures of non-financial information as well as requirements on disclosure of the UN Global Compact's Communication on Progress.

7. International commitments

The Group supports the following international sustainability principles:

- 2030 Agenda and the UN Sustainable Development Goals
- The UN Global Compact
- The OECD Guidelines for Multinational Enterprises
- The UN Guiding Principles on Business and Human Rights
- UN Environmental Program Finance Initiative (UNEPFI)
- The UN-backed Principles for Responsible Investments (UNPRI)
- The Universal Declaration of Human Rights
- The ILO Declaration of Fundamental Principles of Rights at Work
- Taskforce on Climate-related Financial Disclosures (TCFD)
- The Principles for Responsible Banking

Additional industry-specific international principles and conventions guide our investment activities. These are outlined in our Position Statements available at www.danicapension.dk.