

Sustainable Finance Policy

April 2023

1. Objective

The Sustainable Finance Policy (the “Policy”) governs the approach that Danica Pension takes towards sustainable finance and confirms our commitment to responsible banking practices. The Policy governs our efforts to meet the strategic ambitions on sustainability laid out in Danica Pension’s Societal Impact & Sustainability strategy and supports our Group Purpose and Culture Commitments as stipulated in the Group Code of Conduct Policy. In Danica Pension we further have the “Tryghedsrådgiver”-strategy with behaviours setting the standard for how we work with culture in Danica Pension.

At Danica Pension, we are committed to using the power of finance to create sustainable progress, and we believe that including relevant sustainability considerations in all aspects of our business is fundamental to creating lasting value for all our stakeholders. To this end, we integrate sustainability matters into financial solutions, processes and governance.

As a pension and insurance company, the most significant impact we have in society is through the financial services – infrastructure, expertise and products – that we provide, and through the customers, companies and activities we invest in. Accordingly, the indirect impact created by our investing activities is at the core of our efforts to create sustainable progress.

2. Definitions

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

The executive management team	The executive management team in Danica Pension (Forretningsledelsen)
Second Line of Defence	Danica Risk Management and Danica Compliance
BIC	Business Integrity Committee. BIC consists of all ELT members in Danske Bank and Head of Group Sustainability.
BoD	The Board of Directors of Danica Pension
ESG	Environment, Social & Governance
Impact	Positive and negative implications of Danica Pension’s activities on people or the environment and Danica Pension’s enterprise value; a sustainability matter is material (i) from an impact perspective when it pertains to significant actual or potential impact on people or the environment over the short medium- or long term (ii) from a financial perspective if it represents the undertaking’s material sustainability -related risk and opportunities that can reasonably be expected to have an effect on the undertaking’s enterprise value.
Management Body	The body of an organisation appointed in accordance with national law, that is empowered to set the strategy, objectives and overall

	direction of the organisation, and that oversees and monitors management decision-making.
Position Statements	Danske Bank's and Danica Pension's public stances on sustainability related matters (eg. Climate change and agriculture).
Responsible Banking	Banking practices to align with the Principles for Responsible Banking.
Restriction	Restrictive criteria or thresholds relating to certain sectors, products or companies.
Subsidiary	Any undertaking over which Danske Bank exercises control. For the purpose of this definition, "control" means any of the following; (i) direct or indirect ownership of more than 50% of the share capital or other ownership interest in any other person; (ii) the direct or indirect right to exercise more than 50% of the votes in any other person; (iii) the direct or indirect contractual right to designate more than half of the members of such person's board of directors or similar executive body; (iv) direct or indirect ownership of 50% or less of the share capital or other ownership interest in any other person, where such minority ownership according to local law is considered controlling interest.
Sustainability	Meeting the current needs of society without compromising the needs of future generations by keeping economic, social and environmental factors in balance.
Sustainability risk	An environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact.
Sustainable Finance	Financial activities to support economic growth while reducing negative impacts and increasing positive impacts on environmental, social and governance factors.

3. Scope

The Policy lays out the principles for sustainable finance throughout Danica Pension.

3.1. Target group

The Policy applies to all Danica Pension employees who through their job function have an influence on our sustainable finance efforts.

The Management Body of a Subsidiary may approve this Policy with deviations to ensure that the Policy is fit for purpose for the Subsidiary. The policy administrator in the Subsidiary should justify the rationale behind the deviation and ensure that the administrator of the Group Policy is consulted and endorses any deviation.

4. Policy Content

Principle 1: We will strive to align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks

We believe that the creation of business value and societal value can and must go hand in hand. We are committed to creating sustainable progress in the societies we are part of, and we believe that including sustainability in all aspects of our business is fundamental to creating lasting value for our stakeholders.

In addition to ensuring compliance with regulatory requirements on sustainability, Danica Pension as part of Danske Bank is a signatory to several voluntary initiatives aimed at advancing the financial sector's integration of environmental and social considerations and driving transparency on sustainability performance.

Principle 2: We will continuously strive to increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Danica Pension is committed to a fact-based approach to understanding and being transparent on both the positive and negative impact of our activities, products and services. Based on this understanding, clear targets are set, which are calibrated regularly to ensure relevance.

Danica Pension recognises the need to channel more capital towards sustainable activities – and less towards activities that are incompatible with a sustainable future. This will both strengthen the societies that Danica Pension operates in, and ensure that Danica Pension's core business is future-proofed as its core markets transition to a more sustainable future. In this regard, Danica Pension takes stances on sectors and themes where it has a relevant impact and where there are elevated sustainability risks. These stances are published externally in Danske Bank's Position Statements. Danske Bank's positions are directly implemented in Danica Pension.

The Position Statements contain Danica Pension's stances on sustainability related matters that are material from both a financial and societal perspective, and they centre on sectors and themes where Danica Pension either: 1) has exposures and additional guidance on how to handle the related ESG risks is needed, or 2) has chosen not to have exposures, and needs to communicate the rationale for such a decision. We aim to align our stances across the Group; however, if strictly relevant and needed, individual Business Units can be allowed to take deviating positions. All Position Statements are approved by the BIC.

Principle 3: We will work responsibly with our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations

We are committed to actively supporting our customers in achieving their sustainability ambitions, and we help them navigate their transition by providing relevant products and advice. Delivering financial solutions and advice is at the core of our business, and we recognise that our most significant impact as a pension and insurance company is through the business activities we have with our customers. In that regard we recognise our responsibility and ability to enable sustainable progress by delivering leading sustainable investment solutions and advice that support customers and provide an incentive for them to achieve their sustainability priorities.

As part of our ambitions to be a responsible pension and insurance company, we are in ongoing dialogue with relevant companies that we invest in. We set clear expectations and standards for our investee companies. If these expectations are not met, we will engage with the company on the issues we see. We believe that positive societal impact is better achieved through engagement than restrictions.

Principle 4: We strive to proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

We strive to proactively consult and engage with relevant stakeholders such as customers, investors, rating agencies, NGOs, and the general public when relevant. We aim to engage in relevant strategic and commercial partnerships to enable our partners and Danica Pension to contribute to society's goals.

As a pension and insurance company, Danica Pension has internal sustainability expertise in several areas, and we strive to make this expertise available to stakeholders for their own benefit and for the benefit of society. We recognise that our external stakeholders might have different needs, and we therefore seek to ensure that relevant experts from across the Group are included in dialogues where needed.

Principle 5: We will implement our commitment to these principles through effective governance and a culture of responsible banking.

Managing risks and being compliant are at the core of how we do business. We want to do the right thing and conduct our business in a way that lives up to legal requirements and to our own strategies, standards and values. Integrating sustainability into everything we do is at the core of our responsible efforts, and we strive to embed sustainability in our governance documents, processes, procedures, product development, advice and training.

Our efforts to embed sustainability naturally also extend to employee- and leadership training and awareness programmes, and to our remuneration KPIs, which include sustainability-related targets and sustainability risks related considerations. Collectively, these efforts aim to support employees in driving a culture of sustainable and responsible banking across the Group.

Principle 6: We will periodically review our implementation of these principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

We hold ourselves to the same standards as those we expect of our customers and business partners, and we are transparent about our approach, our progress and the positive and negative impact of our business activities. We regularly review both our results and the generated impact in order to calibrate and improve our approach.

Danica Pension's Board of Directors review the strategy for and execution of our sustainability efforts on an annual basis.

5. Escalation

In the event that an employee identifies a problematic case as per the Danica Non-Financial Risk Policy, it should be reported through existing escalation channels such as the Operational Risk Incident System (ORIS), managed by Danica's Operational Risk Manager.