DS/26/68
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POLICY

Sustainability

Contents

1 Purpose

The purpose of the sustainability policy is to outline and define the framework for sustainability in Danish Ship Finance (DSF) and provide a common understanding of how DSF manages and implements sustainability practices to ensure that material sustainability issues are addressed and integrated into DSF's strategic priorities, objectives and targets. It encompasses DSF's initiatives regarding human rights, social, ethical, environmental and climate conditions, as well as actions to combat corruption. DSF recognises sustainability as both a business responsibility and a strategic factor in supporting the long-term resilience and competitiveness of the maritime sector.

2 Principles in DSF

For DSF, sustainability involves taking responsibility for the company's impact on the environment and society. This includes being a credible and reliable partner for its clients and other stakeholders while also acting ethically and responsibly towards society and its own employees. DSF incorporates environmental responsibility, human rights, employee wellbeing, and anti-corruption into relevant decision-making processes.

We commit to the following principles and expect the same from our clients and suppliers:

- We commit to being a good corporate citizen
- We respect human rights
- We engage in equal opportunities, diversity and employee wellbeing
- We commit to honesty, credibility and ethically responsible behaviour
- We engage in environmental and climate stewardship
- We commit to reduce climate impact of our operations
- We commit to rejecting bribery and corruption in any form

This sustainability policy is supplemented by and implemented through various additional policies published on the company's website, including:

- A code of conduct, including a whistleblower scheme
- A code of conduct for business relations
- A remuneration policy
- Targets and policies for the underrepresented gender and diversity in management
- A tax policy[1]
- A credit policy[1]
- A policy for a healthy corporate culture[1]
- A policy for addressing bullying, harassment and discrimination[1]
- A privacy and data ethics policy[1]
- An anti-money laundering and counter-terrorist financing policy[1]
- A policy for gifts and hospitality[1]

[1] Internal documents

DSF expects its clients to demonstrate a commitment to responsible environmental and social practices, including engagement in the transition towards more sustainable shipping.

3 Regulatory framework

According to the Executive Order on Financial Reports (Executive Order no. 658 of 23 May 2025 on financial reports for credit institutions and investment companies, etc.), DSF must submit a non-financial statement on corporate social responsibility as a supplement to the Management Report. The rules on a sustainability statement follow from § 155 of the accounting regulation.

4 Sustainability statement

DSF aims to be a leading player in the maritime sustainability transition and is convinced that companies that integrate sustainability into their business strategy have the best prerequisites to achieve long-term success. Therefore, sustainability is integral to DSF's business strategy and aligned with the company's vision of being the obvious choice in ship finance. It is, therefore, a core focus for DSF to integrate sustainability into financing decisions and client engagement and to support clients in their transition towards a sustainable and low-carbon economy. In pursuit of this ambition, DSF is a founding signatory of the Poseidon Principles, aiming to achieve zero financed emissions by 2050.

DSF recognises that its most significant environmental impact arises from its financing activities. Sustainability considerations are therefore integrated into credit decisions, portfolio monitoring, and client engagement, with a focus on supporting the maritime sector's transition to lower-carbon operations.

Achieving the targets set out by the Poseidon Principles will increase global maritime investment needs. DSF will create value from a financial, social and environmental perspective by seeking to make a positive contribution to reaching the targets. DSF will do so by engaging in proactive dialogue with clients and offering sustainable products, enabling clients to succeed in transitioning the shipping sector.

DSF prioritises financing clients that are actively engaged in the maritime transition. Through its financing activities, DSF supports both existing clients and new investments that contribute to improved environmental performance and alignment with industry decarbonisation pathways.

DSF's sustainability approach extends beyond regulatory compliance and is a central part of the company's strategy. The strategic focus on sustainability is largely shaped by DSF's primary stakeholders: clients, investors and employees, and their expectations. The approach is centred around responsible and sustainable business practices, including environmental considerations, sound governance and social responsibility.

As the majority of DSF's emissions are indirect and linked to its financing activities, DSF monitors and reports the emissions intensity of its loan portfolio and aims to reduce it over time in line with the Poseidon Principles trajectories, while continuing to enhance its methodologies for measuring and managing these impacts.

4.1 Sustainability targets

DSF has defined a set of sustainability targets to support its strategic direction and enable monitoring of progress*:*

- Align the loan portfolio with the Poseidon Principles trajectory on an annual basis
- Achieve a net zero loan book by 2050
- Provide new loans only to clients actively engaged in the sustainable transition
- Maintain more than 10% of the investment portfolio in sustainable bonds

5 Sustainability management

To manage sustainability, DSF's comprehensive double materiality assessment (DMA) examines how sustainability risks and opportunities can affect the financial performance and how DSF's business activities impact society. The "double materiality" concept was introduced in the Corporate Sustainability Reporting Directive (CSRD) and consists of impact materiality and financial materiality. Information about material impacts, risks, and opportunities related to their business activities and relevant sustainability matters is identified to assess the materiality.

As part of its double materiality assessment, DSF considers climate-related and transition risks, including regulatory, technological and market developments relevant to the maritime sector. DSF is in the process of identifying relevant risks and defining appropriate mitigating approaches in alignment with current regulations, and these considerations are taken into account in DSF's risk management and credit assessment processes where relevant.

The DMA has enhanced DSF's understanding of key sustainability impacts, risks and opportunities, and provided valuable insights into stakeholder expectations. This has enabled DSF to assess the importance of and prioritise sustainability themes and efforts with the highest financial materiality to DSF and where DSF can achieve the highest environmental and societal impact.

DSF incorporates material sustainability considerations into governance and key processes to effectively address its strategic priorities related to sustainability risks, opportunities and impacts. DSF manages material sustainability-related opportunities and risks through its overarching policies and business areas, rather than relying on separate policies focused solely on environmental, social or governance topics. As an example, DSF's credit approval process takes account of material ESG-related risks associated with each client. This is fundamental to ensuring that ESG factors, including clients' environmental performance and transition plans, are integrated into credit assessments and portfolio monitoring.

5.1 DSF's guiding sustainability principles

To support DSF's role in the maritime sustainability transition and our vision of being the obvious choice for ship financing, we are committed to continuously improving our sustainability-related capabilities. We do this by integrating the following initiatives into our business operations:

- *Advisory capabilities*. To promote efforts in important environmental, social and governance areas, it is essential for DSF to maintain constructive dialogues with clients. This requires strong internal sustainability expertise and knowledge, as well as a solid understanding of the regulatory landscape and its implications for the maritime sector. DSF leverages its sector expertise to assess sustainability risks and opportunities across different shipping segments and to support informed client dialogue.
- *ESG rating model*. DSF engages in dialogues with clients based on an internally developed ESG rating model. This model evaluates clients' sustainability efforts based on the most relevant sustainability topics for the shipping industry. Additionally, it allows for the sustainability performance of DSF's portfolio to be tracked and managed. The ESG rating model supports credit decision-making and ongoing portfolio monitoring.
- *Product development.* DSF aims to be a leading financing partner within the maritime sector by developing and offering sustainable financing products.
- *Impact and partnerships.* DSF is a member of the Poseidon Principles Association as a founding signatory and reports the financed portfolio's CO_2e emissions relative to applicable IMO targets. DSF also participates in the Responsible Ship Recycling Standards and is including requirements for responsible ship recycling in loan documentation.

- *Sustainability data management and development.* DSF is committed to continually improving its ability to gather and produce accurate and timely sustainability data. This will enable it to identify business opportunities related to sustainability, measure its impact, and assist its clients on their sustainability transition journey. Additionally, this data will help DSF meet evolving reporting requirements.
- *Employee well-being and rights.* DSF aims to be an attractive employer with high employee well-being. DSF ensures employee rights to freedom of association and collective bargaining, as employees are covered by a collective labour agreement and an internal policy. Additionally, DSF promotes employee knowledge and skills, e.g., through educational opportunities.
- *Diversity, equity and inclusion.* DSF supports diversity and aims to ensure equal opportunities for all, regardless of gender, religion, political beliefs, sexual orientation, age, disability or ethnic origin, etc. DSF has zero tolerance for sexual harassment and discrimination and encourages employees to report any incidents to management and, as a last resort, use the whistleblower system in the event of any incidents.

6 Reporting

We commit to being transparent in our efforts to support long-term sustainable development in our operations. We will publicly report on our sustainability targets, progress, and sustainability impacts, including developments in portfolio alignment and financed emissions, in our Annual Report and in accordance with applicable regulations. Although we are not currently in scope of the CSRD, we will continue to work with our impacts, risks, and opportunities and apply voluntary reporting standard to ensure transparency and clear communication to all external stakeholders.

7 Sustainability governance

The Board of Directors defines the company's overall sustainability strategy and public targets. The Board is continuously briefed about progress on the sustainability agenda and conducts an in-depth review at least annually in connection with the publication of the Annual Report. The Board oversees sustainability risks and opportunities as part of its overall strategic and risk oversight.

The Sustainability & Research team is responsible for delivering on defined targets, implementing new initiatives, and managing the daily operations of existing business processes. Existing processes include, but are not limited to, ESG ratings of clients, reporting DSF's alignment with Poseidon Principles trajectories, collection of all relevant sustainability data, progress towards defined targets, and annual reporting on sustainability targets.

8 Sustainability commitments

We acknowledge the importance of engaging in international commitments that enable businesses to operate sustainably. These frameworks guide DSF's financing practices, risk management, client engagement and reporting. DSF supports the following international agreements and frameworks:

8.1 Poseidon Principles

DSF is one of the founding signatories of the Poseidon Principles, a voluntary industry initiative established in 2019. This initiative provides a common reporting framework for the climate impact of ship loan portfolios in banks and other lending institutions.

The Poseidon Principles align with the IMO’s ambition to achieve climate neutrality by 2050 and are one of DSF’s primary client-facing initiatives on climate. DSF is a member of the Poseidon Principles Steering Committee, seeking to continuously increase the initiative's level of ambition.

8.2 Responsible Ship Recycling Standards

In 2021, DSF joined the Responsible Ship Recycling Standards (RSRS). This banking initiative aims to provide common standards for environmentally and socially responsible scrapping and recycling of ships, incorporating these standards into new loan documentation.

8.3 UN Global Compact

DSF joined the UN Global Compact in 2016. With the Global Compact, the UN has established ten principles for corporate social responsibility that companies are encouraged to follow. The principles are based on internationally recognised conventions on human rights, labour rights, the environment and anti-corruption.
DSF reports annually on its efforts in a mandatory Communication on Progress (CoP) report.

8.4 UN Sustainable Development Goals

DSF supports the UN’s Sustainable Development Goals (SDGs). The SDGs are a universal call to action to end poverty, protect the planet, and improve the lives and prospects of everyone, everywhere. DSF actively works with the goals that are considered particularly material to the company’s operations and impacts. Five of the 17 SDGs (shown below) have been identified as being particularly relevant to DSF’s business activities and strategic priorities.

9 Policy update

The sustainability policy was approved by the Executive Board and Board of Directors on 11 June 2026. The policy will be updated in the event of significant changes or renewed no later than June 2026.