



Responsible Investment Guidelines on Commodities

Purpose

This document sets out how Danske Bank Asset Management and Danica approach commodity exposures from a responsible investment perspective in managed investment and pension products except for any holdings by such strategies in external funds and selected discretionary mandates at clients' request.

Commodities

From an investment perspective, a commodity is a standardized physical, basic good where every unit is identical and interchangeable regardless of who produced it. Commodities represent a distinct asset class of raw materials such as Oil, Gold, Wheat that are traded on Global Exchanges or OTC. The value of commodities is driven by the global supply and demand for the physical resource itself.

An investor can gain exposure to commodities either through financial instruments or physical ownership. The most efficient and liquid method to get exposure only to commodities' price movements is through exchange-traded futures, which cover single commodities across energy, metals, and agricultural markets as well as indices. For more customised exposure, including diversified or thematic baskets, investors may use OTC commodity swaps that reference either a single underlying or indices such as the Bloomberg Commodity Index. These swaps typically replicate the return profile of futures while simplifying operational and roll-management requirements.

In addition, investors can access commodities through exchange-traded ETFs or ETCs, which obtain exposure via futures-based replication or, where feasible, physical backing, something that is mainly in the case of precious metals. Investors may also invest in commodity-linked notes and other structured products that embed swaps or options within a securitised format. Across these instruments, commodity exposure is achieved through derivatives and securitised structures, providing efficient access to the asset class without the logistical and operational complexities associated with holding physical commodities.

Philosophy

We recognise that commodities can strengthen investment strategies by improving diversification, supporting liquidity management and hedging macro risks such as inflation. Because commodity prices are driven by global supply and demand for physical resources rather than corporate earnings or interest-rate cycles, they behave differently from equities and bonds, providing low correlation and helping stabilise long-term portfolio outcomes.



Commodity exposure can also help protect portfolios during periods of elevated inflation or supply-driven shocks, as commodity prices tend to react more directly to changes in input costs, geopolitical events or weather-related disruptions. This responsiveness enables commodities to act as an effective hedge when traditional asset classes face inflationary pressure or declining real returns. When applied prudently, indirect commodity exposure can therefore enhance portfolio resilience, support risk diversification and capture macroeconomic and structural return premia that are otherwise difficult to access.

Sustainability Considerations

Commodity investing is often scrutinized for its potential considerable sustainability risk and impacts, which arise from the production and consumption of various commodities. These risks are multifaceted; energy commodities, for example, are directly linked to greenhouse gas emissions and the potential for methane leakage, while the extraction of metals and minerals can lead to land disturbances, biodiversity loss, and significant water stress. Additionally, agricultural commodities frequently contribute to deforestation, habitat conversion, and soil depletion through intensive farming practices. The complex nature of these commodity value chains can also introduce social and human rights risks, including land tenure disputes, poor labour conditions, and the potential for child or forced labour.

On the other hand, many commodities are essential for societies, underpinning transport, housing and everyday services. Industrial metals are key to providing and speeding up access to clean energy. Copper helps generate and move electricity in wind turbines, solar panels and power lines. Aluminium makes vehicles and structures lighter and is used in solar frames. Metals used in batteries, such as lithium, store energy for electric cars and the power grid. Rare earths are used in powerful magnets for wind turbines and electric motors. Some precious metals play a role in producing hydrogen and running fuel cells. Together, these materials make it easier to build and scale renewable energy systems.

Commodities do not confer the same level of influence or engagement with producers as direct investments would. Unlike equities or bonds, commodities do not provide voting rights or a direct relationship with the underlying commodity producers, which limits the ability to drive better practices through active ownership.

Permitted Investments

On basis of sustainability-related considerations we only allow indirect exposure to commodities' price movements through diversified, multi-commodity financial instruments. We do not hold physical commodities in our investment products, nor invest in those derivatives or financial structures with physical commodity delivery or those that create concentrated exposures to certain single commodities such as Grains, Livestock and Softs as or to narrowly defined baskets of such commodities.

Permitted instruments include futures-based commodity indices accessed via financial products, OTC index swaps, diversified ETFs or ETCs, and structured notes that reference broad commodity baskets. We do not use commodity exposure to achieve environmental or social objectives.

Before investing in new instruments, we evaluate the diversification and construction of the relevant commodity exposure, the transparency and robustness of the underlying index methodology, and any material controversies affecting the commodity groups involved. If this assessment identifies risks that may materially elevate sustainability risk, the case is escalated to the Responsible Investment Committee for further review. After investment, we continuously monitor changes to index methodologies, emerging controversies and areas of heightened public scrutiny within commodity markets.

We also track regulatory developments that may affect product labelling, classification or disclosure requirements. Where sustainability risks become unacceptable or misaligned with product mandates, we may adjust exposures, strengthen disclosures or reduce exposures to ensure continued alignment with our responsible investment approach.

This framework will be reviewed regularly to reflect evolving regulation, market practices and customer expectations. Implementation of the approach is done in accordance with the Responsible Investment Policies of Danske Bank and Danica Pension other subsidiaries in scope of these guidelines.



Change Log

Date	Version number	Comments/changes
06 October 2026	Version 1.0	Guidelines published