

# Policy for diversity in the board of directors

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## 1 Purpose

- 1.1 The purpose of this policy is to ensure that the members of the board of directors of Forsikringsselskabet Dansk Sundhedssikring A/S (hereinafter "DSS") have sufficient collective know-how, specialist skills and experience to understand and evaluate the activities and related risks of DSS. It is also intended to increase the under-represented gender on the board. As such, the policy will provide sufficient diversity in qualifications, skills and gender among members of the board of directors.
- 1.2 The policy should be seen in the context of the policy for maintaining suitability and integrity within the management, the board of directors' order of business and its annual cycle.

## 2 Legal basis

- 2.1 The policy has been compiled in accordance with Section 70 (19), no. 4 of the Danish Act on Financial Services, Article 273 of the Solvency II regulation (2015/35/EU) and Section 139 a of the Danish Companies Act.

## 3 Composition of the board of directors

- 3.1 The board of directors shall consist of 3-6 members elected by DSS' general meeting according to the company's Articles of Association.
- 3.2 The members will be elected for 3 years at a time, with the option of re-election.

## 4 Skills requirement, board of directors

- 4.1 DSS' business model and risk profile will always determine which skills must be represented within the board of directors. Every effort will be made to compose the board of directors such that the members will have the relevant know-how, specialist skills and experience to understand and evaluate the activities and related risks of DSS, individually and collectively.
- 4.2 The business of DSS covers the following areas, which imply requirements for the know-how and skills of the board of directors
  - Strategic planning (including determining the business model and risk profile, and the effects of changes to the same)
  - Product development and related risks
  - Asset management and risk identification
  - Market intelligence (including competitive parameters on the market)
  - The general running of an insurance company (including health insurance in particular)
  - The technical aspects of insurance
  - Finances (including solvency capital requirements, capital plan and emergency capital plan)

- Risk management
- Reassurance
- Distribution
- Management systems (including internal control systems)
- The work of a board of directors
- Understanding accountancy and audits
- Understanding financial and insurance-related reporting
- Actuary aspects, including the calculation of provisions
- Legal aspects (including compliance, personal data and best practice)
- IT operation and systems
- IT security

- 4.3 The board of directors must collectively have in-depth understanding of all areas, to ensure that it can manage DSS properly and effectively.
- 4.4 At least one member of the board must have in-depth knowledge of key risk areas related to the running of non-life insurance companies. That member must also possess relevant qualifications or practical experience.
- 4.5 At least one member of the audit committee must have qualifications within accountancy or auditing. The audit committee must also collectively have skills relevant to the insurance industry.
- 4.6 Any changes to DSS' business model or risk profile will require the board of directors determining whether there are grounds for supplementing its own range of skills.
- 4.7 When a new member joins the board of directors, DSS must ensure that member is fully familiar with the company's business model, risk profile and ownership structure.

## **5 Introductory course and education**

- 5.1 DSS must ensure that all members of its board of directors complete an introductory course within 12 months of joining the board in the skills necessary to undertake the duties and functions required of board members of a non-life insurance company, cf. Section 64 b (1) of the Danish Act on Financial Services. When members of the DSS board of directors, e.g. via other board roles, already have the necessary know-how, those members can apply for exemption from the requirement for the introductory course to the Danish Financial Authority, cf. Section 64 b (2).
- 5.2 DSS must also ensure that the necessary human and financial resources are provided for the introductory and further education courses for the board of directors. This includes those instances when the board of directors identifies a lack of know-how and skills within specific areas.

## **6 Self-evaluation**

- 6.1 DSS' board of directors must perform an evaluation of its own collective skills at least once annually, to ensure that it possesses the necessary skills mix to be able to run DSS properly and effectively. If the board of directors finds that skills are missing in certain areas, it must find a means of correcting the situation, such as the recruitment of a new member, or the further education of an existing member.

6.2 Self-evaluation shall include:

- Identifying the necessary board skills for the collective board of directors based on DSS' business model and risk profile, cf. Section 4.2.
- Evaluating the know-how, specialist skills and experience of each member against the overall skills requirement laid down by DSS, according to Section 4.2.
- Evaluating the form of work, working climate, management, quality and how the board of directors evaluates the executive board.

## **7 The underrepresented gender**

7.1 The board of directors must set an objective of the underrepresented gender comprising at least 25% of the board as a whole. Achieving this objective cannot be at the expense of the requirements for the skills, experience and specialist qualifications of the board.

7.2 The objective must be stated in the annual report.

## **8 Review**

8.1 With regard to ensuring that the policy is effective and adequate, it must be reviewed and approved as part of the self-evaluation of the board of directors, and adapted if deemed necessary.

Resolved at a board meeting

5 February 2020