Policy on Insurance Coverage

DSB

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Department responsible: Executive Vice President, Finance and CFO

Approved by: The Board of Directors **Date**: 18 December 2025

1. Introduction

By legislation as well as by its owner, DSB is required to take out various insurance policies. Moreover, DSB's activities involve risks related to damage to assets and operations, personal injury and liability claims which may cause DSB to incur significant financial losses. To hedge these risks, DSB takes out insurance policies.

DSB's Policy on Insurance Coverage supports DSB in living up to its corporate social responsibility pledge to provide a safe and sustainable mode of transport.

2. Purpose

The purpose of the Policy on Insurance Coverage is to enable DSB to comply with statutory requirements for insurance and generally to take out the policies required to mitigate financial losses caused by damage to property, personal injury and liability claims.

3. Our ambition and targets

DSB is subject to statutory requirements for insurance and, in addition to taking out mandatory insurance policies, the aim is to take out policies that can mitigate financial losses caused by damage to property, personal injury and liability claims.

4. How we achieve our ambition and/or reach our targets

Finance & Insurance is responsible for organising, monitoring, reporting and managing DSB's group-wide insurance programme (excluding health insurance) based on amounts calculated and reported by the organisation.

Scope of cover

All mandatory insurance policies as well as those required by the owner must be taken out. In addition, policies are taken out to cover insurable risks related to damage to property, personal injury and liability claims which may cause DSB to incur significant financial losses, including specifically:

- In general, buildings and contents are insured at their full replacement/rebuilding values, but see the transition principle in respect of the transfer of sector responsibility for the S-network in 2027 below.
- Rolling stock (according to their calculated values) with the possibility of full payment of the calculated value in case of more than 50% damage, where such coverage is achievable
- Business interruption for two years

The value computation method is described below.

Description of Policy on Insurance Coverage

Excesses and sums insured

To the extent possible, sums insured are determined on the basis of actual values. Where reliable data are not available, sums insured are determined within a reasonable level of confidence and available insurance capacity. Finally, sums insured may be determined with consideration to sums insured on similar policies taken out by comparable companies.

Excesses and retentions are determined partly with a view to optimising risk financing where lower total risk costs are assessed to be obtainable, partly based on what is achievable.

Insurance companies

We use insurance companies with high credit ratings (minimum credit rating of A- from Standard & Poor's or a similar rating from Moody's and/or Fitch). In addition, DSB will distribute its policies so as to spread its exposure on at least two companies for the entire insurance portfolio.

It generally applies that:

- Policies are taken out for at least three years where possible and with due consideration to pricing and terms, otherwise for a shorter period
- Policies are primarily renewed on 1 July
- Policies are taken out for DSB with subsidiaries, except for companies under the auspices of Commercial Property Development
- Insurance brokers are used as advisers. Insurance policies may be taken out through insurance brokers, provided they have been put out to competition and are in all respects taken out with insurance companies that meet the above rating requirements.

Transition principle in respect of the transfer of sector responsibility for the S-network

DSB's insurance broker assesses that it may be difficult to take out insurance covering the very substantial values expected to be transferred to DSB without providing detailed risk information. In addition, an EU tender for the insurance will take up to six months to complete. The required risk information may not be available in time to complete the EU tender. This implies that there is a risk that the assets will not be covered by insurance for a period until the required information is available to the insurance market.

However, on the basis of the risk information available, DSB must seek insurance cover for the assets and, to the extent insurance can be taken out for the assets, subject to the insurance premium offered being balanced taking into account DSB's existing assets.

Value computation method

Buildings – Calculation of replacement values/reconstruction costs

Buildings are categorised by building types based on primary and secondary use, size, etc. The reconstruction costs are calculated as a unit price per square metre for the current building type multiplied by the gross area of the specific building and multiplied, if necessary, by a preservation factor (listed buildings are more expensive to restore).

The unit price per square metre varies by building type. If, over the past year, new buildings have been built within the building category in question, the price per square metre of those buildings will be determined, and DSB Ejendomme (properties) will assess whether this price should apply to similar building types. In this connection, the specific characteristics of construction projects on and off the railway will be taken into account.

The buildings that are not adjusted according to known price developments are adjusted according to Statistics Denmark's building cost index for housing.

Rolling stock – Calculation of replacement values/reconstruction costs

The challenge in relation to the valuation of the replacement values of rolling stock is that there is no accessible, liquid and tradable market for rolling stock and that some rolling stock is old and thus cannot be manufactured from scratch in small quantities. The most recent market knowledge must be used as far as possible.

For certain train types, DSB has obtained estimates of the replacement costs or knows the market price, which is projected with the net price index.

Rolling stock that is to be replaced and phased out in connection with the purchase of a new fleet may be calculated at a reduced value during the period using a value corresponding to the expected market value.

For rolling stock leased to third parties, separate insurance may be taken out with terms appropriate to the specific lease in terms of the sums insured and excesses. Alternatively, the rolling stock may be included in the lessee's insurance scheme, where appropriate.

End-of-life rolling stock is not insured. Rolling stock held for sale may be insured at expected selling prices if such insurance is obtainable in the insurance market on reasonable terms.

Goods – Calculation of replacement values/reconstruction costs

The valuation of goods is based on the actual costs of inventory and goods (installed production equipment, office furniture, etc.), adjusted for price developments from the date of acquisition.

Due to insurance market requirements, goods must be linked to a location, such that a location is valued as a whole. For this purpose, the most recent/best possible available information is used. At the same time, a sum is secured in the policy, which as far as possible makes allowances for unforeseen assets at a location, so that these assets are covered by insurance.

4.1. Impacts, risks and opportunities
The information required for the policies is updated at the time of annual renewals or when required by the circumstances. Sums, excess amounts and other insurance conditions are adjusted on procurement.

5. Organisation, responsibility and approval
The Policy on Insurance Coverage covers all employees of DSB and all wholly-owned companies.

The Executive Vice President, Finance and CFO is the owner of the policy.

The Board of Directors has overall responsibility for approving the Policy on Insurance Coverage, which is approved once annually and applies until a new Policy on Insurance Coverage is available.

6. Interaction with other policies and guidelines
Not relevant.