

Policy for Responsible Investments & Policy for Active Ownership for Formuepleje-Group

This document is a translation of the Danish Policy for Responsible Investments & Policy for Active Ownership.
In case of any reasonable doubt, the authentic Danish text shall prevail

Policy for Responsible Investments & Policy for Active Ownership

This policy for responsible investments & policy for active ownership ("the Policy") applies to Formuepleje group's financial companies (hereinafter "Formuepleje") and is to be approved by the board of directors of the individual companies. In addition to this, the Policy is to be adopted by the board of the funds which Formuepleje A/S manages (hereinafter simply "Investment funds").

Background

This policy aims to integrate Formuepleje's policy for responsible investments and Formuepleje's policy for active ownership, including the exercise of voting rights.

The Policy has been prepared in accordance with:

- According to danish law: "Ledelsesbekendtgørelsen for danske UCITS § 40, jf. § 7, stk. 2, nr. 4".
- Article 37 of the AIFM Directive
- According to danish law: "Lov om finansiel virksomhed § 101a", "Lov om investeringsforeninger §108a" and "Lov om forvaltere af alternative investeringsfonde § 66a".

Policy for Responsible Investments

Formuepleje's aim is to achieve attractive long-term returns, which requires focused risk management, including assessment of environmental, social and governance-related (ESG) factors.

Formuepleje believes that investment in companies that understand and manage ESG issues – which includes respecting international principles of social responsibility – results in a healthier long-term generation of return and a higher risk-adjusted return which also has social benefits.

Furthermore, Formuepleje believes that the creation of responsible long-term returns must be supported by active ownership: i.e. an ongoing dialogue between companies and investors.

This is why Formuepleje integrates ESG issues into the investment process and, when deemed appropriate, is an active owner:

- Formuepleje integrates ESG data and analysis in the investment process.
- Formuepleje refrains from investing in companies where the risk of breach of international principles of social responsibility is unacceptable.
- Formuepleje prefers to enter into dialogue with the management of companies and, if this is deemed relevant, it is possible to vote at the companies' general meetings.
- In the selection of partners, Formuepleje assesses their ability to manage ESG issues in a satisfactory way.
- Formuepleje prefers to work with other investors to achieve the greatest possible influence and, together, contribute to a sound financial system.
- Formuepleje encourages partners to endorse the UN-backed Principles for Responsible Investments (PRI).

Asset Management is to ensure that the above principles are followed in investment decisions. Every six months, Formuepleje's investment committee assesses the impact of the policy and whether the policy is being adequately complied with by Formuepleje's partners, including investment advisors.

Where Formuepleje itself is responsible for the entire investment process, Formuepleje ensures that ESG-related issues are considered in the investment process. Formuepleje will not publish an external exclusion list but may continually disregard companies which supposedly violate international principles of social responsibility such as the UN Global Compact, UN Guiding Principles and the OECD Guidelines for Multinational Enterprises. Here, Formuepleje collaborates with an external service provider. In the selection and ongoing monitoring of partners who advise and invest on behalf of Formuepleje's clients, skills related to ESG and active ownership are included as a selection criterion.

Formuepleje's institutional clients may adhere to their own policies for responsible investment, just as third-party investment products are not expected to live up to Formuepleje's Policy. Third-party products are selected in the same manner as Formuepleje's other business partners.

Policy for exercising active ownership (exercising voting rights)

On behalf of the managed investment funds, Formuepleje must develop an appropriate and effective policy for when and how voting rights affiliated with the managed investment funds' financial instruments are to be exercised. The voting rights must be exercised solely for the benefit of the managed investment funds.

Furthermore, according to "Lov om finansiell virksomhet, § 101a", Formuepleje must prepare and publish a policy for active ownership in companies whose shares are admitted for trading on a regulated market, which describes how Formuepleje integrates active ownership into its investment strategy.

This section governs the above requirements.

The policy must provide measures and procedures for the following:

- 1) Monitoring of companies where investment is made in relevant fields
- 2) Monitoring of relevant corporate events
- 3) Dialogue with the companies in which investment is made
- 4) Exercising of voting rights and other rights attached to shares.
 - a. This includes ensuring that voting rights are exercised in accordance with the managed investment funds' investment objectives and investment strategies.
- 5) Collaborations with other shareholders,
- 6) Communication with relevant stakeholders in companies in which investment is made, and
- 7) Handling of actual and potential conflicts of interest related to Formuepleje's active ownership.
- 8) Preventing or managing possible conflicts of interest caused by the exercise of voting rights.

Guidelines for the exercise of voting rights

Formuepleje A/S has entered into an advisory agreement with a number of external asset managers who, in addition to specific investment proposals, also monitor relevant corporate events and advise in case Formuepleje A/S exercises its voting rights.

The external asset managers communicate with relevant stakeholders in the companies which have been invested in and may also co-operate with other shareholders regarding influencing the companies. The exercise of the voting rights on behalf of the funds has not been outsourced to external asset managers.

Formuepleje A/S only uses its voting rights on behalf of the investment funds when it is in the interest of investors, which includes fulfilment of relevant ESG criteria. When Formuepleje A/S wishes to vote at general meetings or the like, this is done as a response to a specific recommendation and approved by the executive board of Formuepleje A/S.

Often, Formuepleje A/S does not intend to exercise its voting rights for the following reasons:

- a) The investments are generally based on trust in the managers of the issuers. If this confidence is weakened, or if there is a development that means that Formuepleje and/or the board of one of the investment funds disagree with an issuer's management, the relevant investment will be reconsidered and possibly sold,
- b) Investments in a single company will generally only constitute an insignificant part of the total voting rights in the company, which limits the potential impact of exercising the voting rights,
- c) The administrative costs of exercising voting rights are excessive considering items a) and b) above.

Publishing & reporting

Formuepleje's *Policy for Responsible Investments and Policy for Active Ownership* are publicly available and can be accessed at www.formuepleje.dk. Reporting is done annually through the annual report for the Investment Funds.

For the Policy for Responsible Investments, reporting is also done to PRI. The report is available here: <https://formuepleje.dk/investering/ansvarlige-investeringer/>

Approval and review of the Policy

Formuepleje's board shall periodically, and at least annually, review and approve the Policy. The Policy shall also be adopted by the investment funds managed by Formuepleje A/S.

Entry into force

The Policy comes into force on the 3rd of April 2020.

Joined by the boards of investment funds managed by Formuepleje A/S on the 31st of March 2020

Approved by the board of Formuepleje Holding A/S on the 17th of March 2020

Approved by the board of Formuepleje A/S on the 19th of March 2020

Approved by the board of Absalon Corporate Capital Fondsmæglerselskab A/S on the 20th of March 2020.

The Policy is signed digitally following each individual board meeting in Formuepleje's allied companies by the relevant board members