

Policy for Responsible Investments 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

1. Introduction

- 1.1. This policy for responsible investments covers alle ESG issues, including sustainability and active ownership. It 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").

2. Background

- 2.1. This policy aims to integrate Formuepleje's policy for responsible investments, sustainability risks and Formuepleje's principles for active ownership and hereunder the exercise of voting rights.
- 2.2. 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 legislation
 - According to danish law: "Lov om finansiel virksomhed § 101a" and "Lov om forvaltere af alternative investeringsfonde § 66a".
 - According to the regulation on sustainability-related disclosures in the financial services sector, art. 3.

3. Policy for Responsible Investments

- 3.1. Formuepleje's aim is to achieve attractive long-term returns, which requires focused risk management, of which assessment of environmental, social and governance-related (ESG) factors are included, including the actual or potentially material adverse effects of these factors on the value of an investment.
- 3.2. 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.
- 3.3. Responsible long-term returns must be supported by active ownership: i.e., an ongoing dialogue between companies and investors.
- 3.4. Therefore, Formuepleje works on the basis of the following principles in relation to responsible investment and sustainability risks:
- Where it is found relevant, 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 corporate social responsibility is unacceptable.

- Formuepleje prefers to enter into dialogue with the management of companies (either directly or through partners) and, if this is deemed relevant, voting at the companies' general meetings.
 - In the selection of partners, Formuepleje assesses their ability to manage ESG issues in a satisfactory way.
 - Formuepleje encourages to collaborate with other investors to achieve the greatest possible influence and, together, contribute to a healthy financial system.
 - Formuepleje encourages partners to endorse the UN-backed Principles for Responsible Investments (PRI).
- 3.5. The principles apply to all investment departments in Formuepleje. Both the internally managed and the departments that are based on external advice. Formuepleje basically treats all ESG areas according to the same principles.
- 3.6. In addition to the principles above, Formuepleje's Investment Committee has adopted a number of overall objectives and guidelines, which the individual departments must comply with according to a follow-or-explain principle. Possibly, additional objectives and guidelines will also appear on the website.
- 3.7. The ESG Committee in Formuepleje is responsible for monitoring that the above principles, guidelines and possibly objectives are met. This is done through ongoing screenings and contact with the individual asset managers (internal and external), who are responsible for the practical implementation and integration of ESG in the investment decision. The ESG Committee refers to the Investment Committee, which makes the final decision on any exclusion of certain companies or sectors.
- 3.8. Formuepleje does not systematically publish an external exclusion list but may on an ongoing basis opt out of companies that are deemed to violate international principles for social responsibility, such as UN Global Compact, UN Guiding Principles and OECD Guidelines for Multinational Enterprises. In the event of a confirmed breach, the specific case is assessed, and if the Investment Committee does not find that the management of the company in question assumes the necessary responsibility and there is no prospect that continued dialogue can rectify this, the investment will be sold.
- 3.9. Formuepleje collaborates with an external service provider, which several times a year screens the portfolios for violations of international norms, CO2 management and controversial weapons, and which provides advice on the specific cases.
- 3.10. The selection and ongoing monitoring of partners who advise Formuepleje on investment decisions includes competencies in relation to ESG risks and active ownership as an important selection and evaluation criterion.

4. Policy for exercising active ownership (exercising voting rights)

- 4.1. Formuepleje considers active ownership to be a central part of the policy for responsible investments. As a starting point, Formuepleje will therefore always exercise its voting rights in voting in companies where there is a suspicion of a breach of international norms or inadequate handling of CO2 emissions or in other cases that does not comply with Formuepleje's principles and guidelines for responsible investment.
- 4.2. Formuepleje expects all asset managers (both internal and external) who advise on investment decisions to follow the individual companies and be in dialogue with the companies' management as needed. The individual asset manager decides which cases they are involved in based on a principle of proportionality in relation to the seriousness of the case, the significance for the company and the size of the position. Asset managers' involvement is included as a parameter in the annual assessment.
- 4.3. Formuepleje has entered into an agreement with an external proxy voting provider who, in addition to practical help with casting votes, also monitors the companies in the portfolios for relevant voting.
- 4.4. Formuepleje may choose to draw on advice from external asset managers regarding voting, but it is at all times Formuepleje itself that decides whether and what to vote for.
- 4.5. Formuepleje A/S only exercises its voting right on behalf of the investment funds when it is in the interest of investors, which may include both improved return opportunities and the fulfillment of relevant ESG objectives. When Formuepleje A / S want to exercise its vote at a general meeting or similar, this is done on a specific recommendation and approved by the Executive Board of Formuepleje A/S.
- 4.6. Before each vote, an assessment is made as to whether there are actual or potential conflicts of interest in relation to the active ownership. In rare cases where a conflict of interest is identified, the interests of the voting fund are always taken as a starting point.
- 4.7. Formuepleje A / S may choose not to exercise its voting rights if the voting does not affect the company's financial situation or ESG risk. Likewise, Formuepleje can choose not to cast its vote if the total voting rights only constitute a negligible share of the total voting rights.
- 4.8. All Formuepleje's products are subject to the responsible investment policy and thus live up to a high standard of responsible investment.

5. Publishing & reporting

- 5.1. This policy is publicly available and can be accessed at www.formuepleje.dk. Reporting is done annually through the annual report for the Investment Funds.

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

6. Approval and review of the Policy

- 6.1. 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.

7. Entry into force

The Policy comes into force on the 24th of March 2021.

Joined by the boards of investment funds managed by Formuepleje A/S on the 24th of March 2021

Approved by the board of Formuepleje Holding A/S on the 11th of March 2021

Approved by the board of Formuepleje A/S on the 22nd of March 2021

Approved by the board of Absalon Corporate Capital Fondsmæglerselskab A/S on the 19th of March 2021.

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