



# POLICY FOR RESPONSIBLE INVESTMENTS

MARCH 2022



FORMUE | PLEJE

## 1 Introduction

This Policy for Responsible Investment (the "Policy") applies to the financial companies of the Formuepleje Group (hereinafter referred to as "Formuepleje") and is approved by the Board of Directors of each company. In addition, the policy is approved by the board of directors of the funds managed by Formuepleje A/S (hereinafter referred to as "Investment Funds"). The policy relates to the investment process itself in the context of management of Investment Funds and Discretionary Mandates. The policy covers all ESG issues, including sustainability and corporate social responsibility.

## 2 General

Formuepleje aims to achieve attractive long-term returns combined with focused risk management, which includes assessing environmental, social and governance (ESG) issues, including their actual or potentially material adverse impact on the value of an investment.

Formuepleje's Policy for Responsible Investment is based on the United Nations Principles for Responsible Investment (UN PRI), which are a set of principles for responsible investment. The UN PRI is a global initiative to promote responsible investment and was established by some of the world's largest investors in cooperation with the UN. Formuepleje A/S has endorsed these principles and conducts an annual Reporting and Assessment process in accordance with the PRI guidelines. Part of this report is published on the PRI website. Formuepleje works according to a number of principles in relation to responsible investment, which means, among other things, that ESG analyses are included in the investment processes and that Formuepleje refrains from investing in companies with an unacceptable risk of violating international principles of social responsibility.

Investing in companies that understand and manage ESG-related risks – which includes respecting international principles of corporate responsibility – results in healthier long-term returns and higher risk-adjusted returns that also have societal benefits.

At Formuepleje, we consider active ownership a natural part of our investment process, where focus on sustainability factors is prioritised in order to ensure long-term responsible returns for our investors. Active ownership can be exercised both directly by voting at general meetings and indirectly by contact with companies (engagement). Please refer to the Policy for Active Ownership for further details. The policy can be found on the website [www.formuepleje.dk](http://www.formuepleje.dk).

Formuepleje works according to the following principles in relation to responsible investment and sustainability risks:

### 2.1 The investment process

At Formuepleje, we integrate ESG data and analysis into the investment process. This means that ESG analysis is part of the investment processes, and that we incorporate sustainability risks where relevant. The specific methodology depends on the investment goals of the respective fund, as well as the given market and asset class.

Formuepleje does not publish an external exclusion list, but can opt out of companies at any time if they are believed to violate international principles of social responsibility such as the UN Global Compact, UN Guiding Principles and the OECD Guidelines for Multinational Enterprises. Formuepleje cooperates with an external service provider that carries out standards-based screening, and from which reports are received on an ongoing basis on companies with suspected or confirmed serious violations of international standards or

conventions. Companies in the portfolios have already been through the relevant portfolio manager's own due diligence process, so it is rare that Formuepleje ends up excluding a company from the portfolios.

Formuepleje also refrains from investing in government bonds of countries subject to international sanctions, and companies that use or proliferate weapons covered by conventions, including:

- Cluster munitions
- Landmines
- Chemical weapons
- Biological weapons
- Nuclear weapons not covered by the Treaty on the Non-Proliferation of Nuclear Weapons

Formuepleje's ESG Committee is responsible for monitoring compliance with the above principles as well as any guidelines and objectives. This includes ensuring that ESG and sustainability work are a natural part of the investment processes in Formuepleje. The ESG Committee conducts regular portfolio screenings and liaises with individual asset managers on the practical implementation and integration of ESG into investment decisions.

The ESG Committee is composed of representatives from both fund management and asset management, and the Director of the Funds and the Chief Investment Officer of Formuepleje A/S, who are members of the Investment Committee, are also members of the ESG Committee. The Investment Committee takes the final decision on the possible exclusion of certain companies or sectors.

There may be situations where investments have been made in index funds and/or ETF's, and in these situations it has not been possible to run a screening of the underlying companies. The ESG risk for these investments is assessed individually – which is included in a complete assessment of the portfolio's risk. However, we cannot guarantee that there will not be companies, which we otherwise would have deselected in the portfolio in accordance with the above-mentioned.

## 2.2 Selection of external investment advisors

In selecting external investment advisors, Formuepleje assesses their ability to address ESG issues in a satisfactory manner. Among other things, they must be able to demonstrate their approach to ESG risks. This method must be well-described, consistent, and adapted to the specific market conditions. An evaluation of the approach is carried out on an ongoing basis, and at least annually, by Formuepleje's ESG Committee. All external investment advisors have signed up to the UN PRI or meet equivalent requirements, and all incorporate ESG factors into their investment process. One example of such use of ESG factors is when a poor ESG score or uncertainty thereof bring down the rating of companies.

Responsible investment work is thus also an integral part of the general ongoing evaluation of investment advisors, and separate ESG meetings are held with investment advisors at least annually.

## 3 Publication and reporting

This Policy is publicly available and can be accessed at [www.formuepleje.dk](http://www.formuepleje.dk). Reporting is done annually through the annual report for the Investment Funds.

The Policy for Responsible Investment is also reported to the PRI, where the report is available here: <https://formuepleje.dk/investering/ansvarlige-investeringer/>

#### **4 Approval and review of the policy**

Formuepleje's board shall periodically, at least once per year, review and approve the Policy. The Policy is also endorsed by the boards of the Investment Funds.

#### **5 Effective date**

This Policy enters into effect on March 25, 2022.