



POLICY FOR ACTIVE OWNERSHIP AND VOTING RIGHTS

December 2022



FORMUE | PLEJE

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

1 Introduction

This Policy for Active Ownership and Voting Rights (“Policy for Active Ownership”) is applicable to Formuepleje A/S and relates to the management of investment funds and alternative investment funds (hereinafter “Funds”). Policy for Active Ownership is also endorsed by the Board of Directors of the Funds.

At Formuepleje, we want to deliver a long-term lucrative risk-adjusted return and simultaneously take social responsibility and contribute to a more sustainable global development. One way Formuepleje does this is by influencing the companies that our Funds invest in. Formuepleje considers active ownership to be a natural part of active asset management, as it allows us to influence and reduce specific investment risks and to influence companies in a direction that promotes sustainable development. Compliance with the Policy for Active Ownership is also a direct obligation as a responsible investor.

2 Purpose of the policy

The purpose of the Policy for Active Ownership is to describe how Formuepleje exercises active ownership – both indirectly in the form of dialogue with companies (engagement) and directly in the form of voting at company general meetings.

3 Integrating active ownership into the investment process

Active ownership is a natural part of the investment process at Formuepleje. Active ownership can help reduce risks concerning sustainability and other investment risks and thereby improve long-term risk-adjusted returns.

In regards to active ownership, Formuepleje takes into consideration the most important negative impacts on sustainability of the investment decisions, cf. Declaration of due diligence-policies. Formuepleje strives to limit the negative impacts through dialogue (engagement) and by voting at general meetings. Companies, that do not exhibit sufficient progress can be discarded as consequence.

For those companies where there are suspected breaches of international standards or inadequate management of risks concerning sustainability, or where other issues violate Formuepleje’s principles and guidelines for responsible investment, active ownership is a prerequisite for maintaining the position.

Formuepleje has compiled a “Declaration of due diligence-policies” concerning the most important negative impacts on sustainability of the investment decisions, which further accounts for the approach. Formuepleje has identified the most important negative sustainability factors, which appears from the Declaration of due diligence-policies, that can be found on the webpage www.formuepleje.dk (“vilkår og governance”).¹

All external investment advisers who advise on investment decisions, are responsible of monitoring the individual companies, and of being in dialogue with the companies’ management as needed. Each external investment adviser decides which cases to get involved in, based on a principle of proportionality in relation to the seriousness of the case and its importance for the Company. The involvement of the external investment advisers and their attempts to influence the companies, i.e. engagement, are included as a parameter in the annual assessment of the external investment advisers.

¹ <https://formuepleje.dk/vilkaar-og-governance/>

4 Engagement

Through an external actor, Formuepleje actively works with other investors to influence companies where there are suspected violations of international standards. Formuepleje receives regular reports on developments in individual cases, and on whether there is still a prospect of a solution being reached. This will be an important input into the evaluation of whether to continue investing in the companies. As a rule, Formuepleje considers selecting companies which are moving in the right direction in terms of matters related to sustainability more effective than deselection.

5 Voting

The Sustainability Committee of Formuepleje is responsible for applying Formuepleje's voting rights at the relevant general meetings. Voting will be based on internal guidelines established in the light of the Policy for Responsible Investment and the integration of sustainability risks, the Policy for Active Ownership and the Policy for the management of conflicts of interest, as well as on any instructions from the Investment Committee and or the Sustainability Committee.

Formuepleje has contracted with an external proxy voting provider that, in addition to providing practical assistance with voting, monitors the companies in the portfolios for relevant votes. Formuepleje can draw on advice from the external asset managers regarding voting, and has also contracted research and recommendations on individual votes with external third parties.

Formuepleje itself decides whether and what to vote at all times.

Formuepleje will only exercise its voting right on behalf of sub-funds of the Funds when it is in the best interest of the investors, which may include both enhancing return opportunities and meeting relevant sustainability objectives, including contributing to reduction of the most important negative impacts regarding sustainability risks and factors.

In rare cases, Formuepleje may choose not to exercise its voting right if the vote does not have an impact on the Company's financial position or sustainability risk.

6 Managing conflicts of interest

Before each vote, an assessment is made to determine 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 considered.

Formuepleje will manage any conflicts of interest that may arise from the Policy for Active Ownership, in accordance with Formuepleje's Policy for the management of conflicts of interest, which can be found on the website, www.formuepleje.dk.

7 Publishing and reporting

This Policy for Active Ownership is publicly available and can be accessed at www.formuepleje.dk. Reporting is done annually through the annual report for the Funds and through a separate annual report for active ownership.

The Policy for Responsible Investment and integration of sustainability risks can be found on the website www.formuepleje.dk. The Policy for Responsible Investment is also reported to the PRI, where the report is available here: <https://formuepleje.dk/investeringsansvarlige-investeringer/>

8 Approval and review of the policy

The Board of Directors of Formuepleje shall review and approve the Policy for Active Ownership on an on-going basis, and at least annually, and it shall also be endorsed by the Board of Directors of the Funds.

9 Effective date

The Policy for Active Ownership enters into force on December 19, 2022.