

Policy for Active Ownership and Voting

BANKINVEST

Handler
med omtanke



June 2022

Content

- Introduction.....2
- Active ownership.....2
- Escalation3
- Collaboration with other investors3
- Exercise of voting rights3
 - Scope of the exercise of voting rights4
 - Principle of proportionality4
 - ESG risks4
- Equity investments in Danish listed companies4
- Share lending5
- External advisers5
- Reporting.....5
- Conflicts of interest.....6

Introduction

Active asset management is the pillar of BankInvest's investment policy. This means that BankInvest acts as an active owner of the companies in which we invest, which is embedded in this Policy for Active Ownership and Voting. The purpose of exercising shareholder engagement is to promote the long-term value creation of the companies in which we invest, for the benefit of our investors.

In their respective fund instructions, the associations have delegated the right to exercise voting rights at corporate events to the associations' adviser, BI Asset Management Fondsmæglerselskab A/S ("BIAM"). Accordingly, this policy applies to BIAM and has also been adopted by the boards of directors of the BankInvest associations.

The policy aims to ensure that BIAM, and consequently the associations, promote long-term value creation and that BIAM and the associations follow the Stewardship Code prepared by the Danish Committee on Corporate Governance and ensures compliance with the Shareholder Rights Directive ("SRD II").

This policy thus forms the framework for BIAM's stewardship efforts, including the exercising of voting rights. The policy covers BIAM's corporate investments in general, including equity investments in Danish listed companies and institutional mandates under BIAM management, if BIAM has been delegated the right to vote on holdings under the mandate.

The general work on active ownership is embedded in and monitored by BankInvest's internal Responsible Investment Committee, which is chaired by the chief executive officer.

Active ownership

The quality of corporate governance and the company's strategic decisions are fundamental elements of our investment processes. We consider ourselves long-term investors and we want companies to pursue governance processes that support their long-term value creation. Important areas include, without limitation, transparency, management remuneration, good corporate practice and the company's policy for Corporate Social Responsibility (CSR). We fundamentally believe that good governance and a high CSR level contribute favourably to the companies' potential for attracting capital while reducing risks for shareholders.

ESG issues become increasingly important to investors, resulting in a growing need for data volumes and data quality. We encourage companies to cooperate and strengthen the dialogue with the important ESG data suppliers and shareholder proxy advisers.

BIAM has entered into an agreement with the analysis firm ISS Governance ("ISS") on handling of voting. This means that ISS makes a platform, monitoring and research available for the voting process and ensures that the process complies with the principles set out in this policy. It should be noted that BIAM retains responsibility for ensuring that the voting process benefits the long-term interests of the divisions and the investors.

BIAM has also entered into an agreement with the analytics firm Sustainalytics on the screening of companies' compliance with international norms and conventions. This agreement also involves engaging in dialogue with the companies about such issues. This is all reported to BIAM twice a

year, combined with ad hoc reporting if new cases arise.

Sustainalytics manages the dialogue for a wide variety of investors, which increases the probability of a positive outcome. This dialogue does not replace normal investment dialogue between portfolio managers and companies on issues such as strategy, results, capital structure and management remuneration.

Escalation

If we have identified a strategic issue on which we disagree with the company's management, a typical initial escalation option is to contact the company and engage in dialogue with the management. We then present our position to the management which they can consider.

Our cooperation with ISS also allows us to voice our opinion by voting and proposing resolutions at a general meeting.

BankInvest generally follows ISS' escalation recommendations, but we consider each specific recommendation on its own merits.

As the ultimate escalation, the Responsible Investment Committee also has the decision-making power to exclude a company from the investment universe in the event that a company fails to exhibit responsible behaviour for a prolonged period of time and does not demonstrate the will to change this behaviour.

Collaboration with other investors

Through its cooperation with Sustainalytics, BankInvest works with several other Danish and international investors on the dialogue with companies that breach international norms.

Sustainalytics manages the dialogue, which is fully documented, and Sustainalytics' business partners, including BankInvest, can participate actively in this dialogue, both through conference calls and company visits.

BankInvest also participates in the Climate Action 100+ investor initiative, which seeks to influence the 161 largest carbon-emitting companies across the globe to pursue a more climate-friendly direction.

As a signatory of the UN-backed Principles for Responsible Investment (PRI), BankInvest can also participate in special joint initiatives with other investors when we assess this to be valuable for our investors.

BankInvest may also join or initiate other investor partnerships wherever this is deemed to be valuable. This will be apparent from the *Policy for Responsible Investment, Sustainability Risks and Corporate Social Responsibility*.

Exercise of voting rights

As an adviser, BIAM has the following responsibilities:

1. monitoring of relevant corporate events;
2. ensuring that voting rights are exercised pursuant to the divisions' investment targets and strategies;
3. preventing and managing any conflicts of interest arising from the exercise of voting rights.

As described, BIAM cooperates with ISS on voting and receives research results on the individual agenda items at the general meetings of the companies.

BankInvest usually supports the company's board of directors, but there are occasionally matters in the individual company or on the individual market where it is assessed that a backing of a board proposal should generally not be supported. This could include matters related to performance-related management remuneration where the industry standard may vary between individual countries.

It is important that the companies disclose relevant information. This applies to both financial and non-financial information, including issues relating to the companies' CSR matters. BankInvest generally supports proposals that promote transparency and investor information.

Scope of the exercise of voting rights

The agreement with ISS typically enables BankInvest to vote at most of the general meetings in the companies in which we hold equity investments. Exceptions might include instances when a share was traded close to the general meeting date or a required proxy was not correctly prepared. The agreement ensures an effective voting process and that voting follows the principles outlined in this policy.

Principle of proportionality

BankInvest operates with the following principles for when the size of an investment gives rise to a heightened focus at the general meeting:

- If a share makes up more than 5% of the market value of a portfolio, the position is so significant that matters on the agenda may require special attention.
- If BankInvest in total owns more than 2% of the share capital in a company, BankInvest has become such a major owner that the general meeting requires special attention.

The principle of proportionality applies to active strategies.

It should be emphasised that we also vote on other holdings and that the above guidelines do not necessarily give rise to voting differently than advised by ISS.

ESG risks

There may be specific circumstances under which it might be appropriate to further assess the voting. This includes if a company is subject to special ESG risks, for instance in the form of breach of international norms. If this can potentially influence the general meeting agenda, BIAM will ensure that this is reflected in the voting.

Equity investments in Danish listed companies

As a Danish institutional investor, BankInvest has a special focus on active ownership, including exercise of voting rights, in listed Danish companies that are admitted for trading on regulated markets. This is because the ownership shares are typically larger, the dialogue with the companies' management is closer, and the knowledge of the Danish market participants is highly nuanced.

As a minimum, BankInvest expects our Danish listed investees to follow the applicable Danish Recommendations for Corporate Governance at any time. We make additional requirements of the companies in certain aspects, as described in this policy.

Expanded access to the companies' board chairpersons

Dialogue meetings are most often held with the executive employees of the companies. However, BankInvest wishes the companies' board chairpersons to make themselves available to a greater extent if requested by the shareholders. Occasional meetings with the board chairpersons are essential as they enable us to assess whether there is a satisfactory coherence throughout the governance structure in the company and whether the board chairperson is attuned to the company. The board chairperson's meetings with the company's major investors should be regarded as a supplement to the regular meetings attended by the executive board and Investor Relations.

Independence of board members

It is important to BankInvest that the board of directors of a company can act independently of special interests. For this reason, we would like to see that the majority of the board members elected by the general meeting are independent. We encourage this through the ongoing dialogue with the companies. However, we always assess the request for independence with due consideration of the specific situation, such as the special structures in foundation-owned companies.

Focus on material ESG factors

We expect the companies to regularly identify and relate to the ESG risks that are relevant and significant for them, as well as to the value-creating opportunities that may arise from ESG-related factors. BankInvest identifies the ESG factors that are relevant and significant for the individual company and discusses them regularly in its dialogue with the companies.

ESG-related KPIs in the remuneration policy

BankInvest would like to promote the inclusion of ESG-related KPIs for management remuneration in the remuneration policies. The KPIs must be specific, significant and measurable, and must comply with the company's objects and contribute to value creation. We encourage this through the ongoing dialogue with the companies.

Share lending

BIAM does not use share lending as part of its investment strategy.

External advisers

For some investment strategies, BIAM has delegated the advisory services to an external adviser. If deemed expedient for the division, BIAM may also choose to delegate the management of voting rights to the selected adviser, provided that BIAM's voting guidelines are observed. BIAM will typically be responsible for voting, however.

Reporting

BIAM provides semi-annual reports on voting at the individual general meetings. This summary reporting is used for the boards of the associations and will also be made available on www.bankinvest.dk on an annual basis. It includes a full history of the voting rights exercised by the associations over the past year, including any matters where we have voted against the management's recommendations. This ensures BankInvest's voting transparency.

In addition to the reporting on voting, BIAM reports annually on the processes involved in active ownership and the exercise of voting rights over the past year. The reporting is made available on www.bankinvest.dk

Conflicts of interest

BankInvest has identified and managed the following conflicts of interest in relation to active ownership. These conflicts of interest are also identified in the policy for conflicts of interest for BI Holding A/S ("BIH") (and the subsidiaries BI Management A/S ("BIM") and BI Asset Management Fondsmæglerselskab ("BIAM")).

If any additional conflicts of interest are identified in connection with active ownership, the general policy for conflicts of interest will be updated, subject to the approval by the board of directors, and the policy for active ownership and voting will be updated, subject to the approval by the business management and the board of directors.

Identified conflicts of interest

The portfolio managers in BIAM may invest in securities (shares) issued by the owners of BI Holding or in companies that are also customers of BIAM or BIM. This means that the portfolio managers may decide on proposals submitted at the owners' general meetings.

Through holdings in listed shares, the portfolio managers in BIAM can decide on the election of board members (in both BIH and BankInvest associations) to other boards of directors.

The portfolio managers in BIAM may vote at general meetings in companies in which they have personal investments.

Management of conflicts of interest

The portfolio managers are obliged to safeguard the customers' interests, not the owners'. In addition, voting is exercised in cooperation with an external supplier who does not take the ownership of BIH or any other companies into consideration.

The portfolio managers are obliged to ensure the customers' interests, and not those of the board members.

The portfolio managers are obliged to ensure the customers' interests, and not their own interests. In addition, the BankInvest group has a business procedure for employees' own trading in financial instruments, which sets out specific rules for this.

