*The following policy and guidelines for responsible investments and active ownership (ESG policy) is a translation of the ESG policies for the Architects' Pension Fund, the Pension Fund for Agricultural Academics and Veterinary Surgeons, the Pension Fund for Technicians and Bachelors of Engineering and Sampension Livsforsikring A/S, collectively referred to as "Sampension".*

## Responsible Investment and Active ownership Policy

### *Responsible investments*

Sampension's responsible investment and active ownership policy applies to investments in general.

Investments will be arranged so that they are socially and environmentally responsible and protect the reputation of Sampension. Our focus on the environmental, social and governance impact of investments serves to mitigate risk and is supportive of long-term competitive returns.

Sampension's responsible investment policy builds on the UN Global Compact and the Principles for Responsible Investment (PRI), supplemented by the OECD Guidelines for Multinational Enterprises and the OECD Guidance for Responsible Business Conduct for Institutional Investors.

This means that Sampension will always seek to invest in companies that meet the guidelines and principles described in the UN and the OECD principles and guidelines referred to above.

### *Active ownership*

Active ownership is an integral part of our policy and guidelines for responsible investments and active ownership.

For investments consisting of ownership interests in companies, we continuously assess the conduct of the companies. For other assets, such as bonds, principles and guidelines of relevance to the special nature of the assets are applied.

In our "Investment Policy and Guidelines", our Board of Directors has defined the specific framework for responsible investments and active ownership.

*Implementation*

The Management Company is  responsible for the practical implementation of our Responsible Investment and Active ownership Policy, e.g. exercising voting rights and other rights attaching to shares, engaging with portfolio companies, collaborating with other shareholders and addressing actual and potential conflicts of interest in the context of active ownership.

*Transparency*

Our policy and guidelines for responsible investments and active ownership will be publicly available through Sampension's website. We also publish an annual report on active ownership, including a general description of voting and a report on significant votes and use of proxy voting by advisers.

## Responsible Investment and Active ownership Guidelines

Sampension's active management of its ownership of both listed and unlisted assets, e.g. in the form of voting at general meetings, is based on the impact of investments on the environment and climate, their social impact and good corporate governance.

Sampension's responsible investment activities are organised to reflect our possibilities and limitations as an institutional investor and a financial business. Sampension will seek to influence companies and other issuers of securities to act responsibly as a market player and investor. Such influence will be exercised through investment decisions, continuous monitoring, liaison with management and other stakeholders, voting or ultimately, in special circumstances, selling individual portfolio investments, while at the same time respecting that only the management of the individual portfolio company is able to implement the measures required to ensure responsible behaviour at the company.

### *Environmentally-responsible and climate-conscious investments*

The Executive Board must ensure that the investment process is based on climate considerations as represented by goals of the UN Paris Agreement of keeping a global temperature rise well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C.

To support these goals, we will endeavour to continuously lower the carbon footprint of our listed equity portfolio. We further aim to maintain the carbon footprint of our equity portfolio at a level that is lower than that of the equity benchmark approved by the Board of Directors.

Combined with our continued commitment to exercising active ownership in the context of climate change, the reduction of the carbon footprint of our investment portfolio is intended to contribute to lowering the climate-related financial risks associated with the portfolio.

The Executive Board must ensure that companies are screened for compliance with the following requirements for environmentally responsible conduct:

- Companies must comply with national environmental legislation, including occupational health and safety legislation in each country they operate in.
- Companies must work for a cleaner environment, for instance by supporting the development and diffusion of environmentally-friendly technologies.
- Energy companies' revenue from coal and tar sand operations must represent less than 30% of their total revenue.
- Companies must be able and willing to transition to a low-carbon economy.

### *Socially responsible investments*

Our policy on socially responsible investments is based on the United Nations' conventions on basic human rights. The Executive Board must ensure that portfolio companies are screened based on the following requirements:

#### Companies do not use child labour, see

- article 32 of the United Nations Convention on the Rights of the Child, 1989; and
- the ILO Minimum Age Convention, 1973 (no. 138) and the ILO Worst Forms of Child Labour Convention, 1999 (no. 182).

#### Companies respect equal rights regardless of gender, race or religious background, see

- article 2 and article 23(2) of the Universal Declaration of Human Rights, 1948; and
- the ILO Discrimination Convention,1958 (no. 111) and the ILO Equal Remuneration Convention, 1951 (no. 100).

#### Companies respect the right of the individual to form and to join trade unions, see

- article 23(4) of the Universal Declaration of Human Rights, 1948; and
- the ILO Freedom of Association and Protection of the Right to Organise Convention, 1948 (no. 87), the ILO Right to Organise and Collective Bargaining Convention, 1949 (no. 98) and the ILO Collective Bargaining Convention, 1981 (no. 154).

#### Companies respect all ILO conventions on occupational health and safety

- There are currently more than 25 conventions on the subject, addressing health, safety, working time, sweatshops, etc.

#### Companies do not use forced labour, see

- the ILO Forced Labour Convention, 1930 (no. 29) and the ILO Abolition of Forced Labour Convention, 1957 (no 105).

## Companies combat all kinds of corruption

- Companies must combat corruption in all its forms, including extortion and bribery, see the United Nations Convention against Corruption (58/4) of 31 October 2003.

***Management responsibility of listed companies***

The corporate governance principles for listed companies described below will be used as a basis of screening or exercising voting rights:

## Board composition and organisation

The board of directors of a listed company must be composed so as to ensure that the right skills are available for the board to perform its strategic, governance and controlling duties. A company's board of directors must demonstrate the ability to strike a reasonable balance between replacement and continuity, be accessible to a proper extent, act independently of special interests and safeguard the interests of their shareholders.

A company's board of directors must as a minimum have set up an audit committee and a remuneration committee.

## Board duties and responsibilities

The board of directors of a listed company is responsible for the overall strategic management of the company in order to ensure value creation. The board of directors must define the company's strategic goals and ensure that the necessary conditions for attaining such goals are present in the form of financial resources and expertise.

The board of directors is responsible for appointing competent members to the executive board, allocating responsibilities between the board of directors and the executive board and ensuring clear guidelines for responsibility, planning, follow-up and risk management.

## Communication and interaction with the company's stakeholders

A listed company must clearly communicate its objectives, strategy, competitive position, operations and risk management to the effect that existing and prospective shareholders may make informed decisions on having or taking an ownership interest in the company.

## Risk management

A listed company must have systems in place with which to analyse, measure and manage risk in all operational activities.

The board of directors must ensure that the company's capital structure keeps its capital costs at a minimum with due consideration to the company's strategy, stability and general economic conditions.

## Remuneration principles

Listed companies must practise transparency in relation to all significant information concerning its remuneration policy and the scope of remuneration of its management, including severance payments, golden parachutes and insurance and pension schemes.

The company's remuneration policy must support long-term value creation. Share-based incentive plans must be revolving and have terms of three years or more after the grant. Option plans must be well described and promote long-term value creation.

## Consumer interests

A listed company must act responsibly in its marketing to consumers and ensure that its products are safe to use by providing adequate and consumer-oriented information on safe use, for example.

## Knowledge sharing and technology diffusion

A listed company must, with due consideration to the protection of its commercial interests, contribute to promoting economic and social progress and, proportional to its size and resources, support the diffusion of new technologies in the regions in which it operates, e.g. by forming ties to education and research institutions, working with public authorities and ensuring licensing on reasonable terms.

### Competition

A listed company must act responsibly in its competition with other businesses and refrain from participating in cartels or cartel-like activities, and the company must loyally assist the authorities with a view to uncovering any anti-competitive activities in the regions in which it operates.

### Taxation

Listed companies must ensure transparency and a high level of communication regarding own tax matters both to authorities and to the general public so as to support a correct assessment of relevant tax issues. Companies must ensure that they not only comply with applicable law, but also adhere to the intention behind the legislation in question. Taxation must be addressed in a balanced manner, meaning that tax payments must be minimised to the extent permitted under the relevant tax legislation, while structures aimed at reducing tax payments, evidently violating the legislator's intentions, are not acceptable.

***Investment policy with respect to weapons***

The Executive Board must ensure that no investment is made in companies

- that produce anti-personnel mines or components intended for such mines in compliance with the Ottawa Treaty; or
- that are in any way involved in developing or proliferating weapons of mass destruction, such as nuclear arms and biological or chemical weapons.

***Screening of countries when investing in government bonds***

Sampension invests only in government bonds issued by countries that we have not excluded on the grounds that:

- the country or key persons in that country are subject to international sanctions or bans by the UN or the EU; or
- severe human rights abuses occur in the country with no signs of material improvement. These principles are based on the UN Guiding Principles on Business and Human Rights (UNGP). Sampension may decide not to apply or may defer a ban if it is believed such action would significantly worsen the situation of the country's general population.

The above factors carry the most weight in Sampension's considerations of whether or not to invest in a country's government bonds. In addition to human rights, the following other factors may contribute to a ban but with a lower weighting:

- the level of corruption in the country, in its political leadership and in its organisations;
- its level of democracy;
- the degree to which labour rights are secured;
- the degree to which the country's government is committed to its environmental responsibility; and
- equal rights in terms of education and in the labour market.

***Investments in internationally controversial areas***

Sampension will refrain from investing in companies that, due to their activities in internationally controversial areas, have a significantly adverse impact on the social and financial life situation of people in the area or may be instrumental in escalating a conflict. Also, Sampension will at all times follow the recommendations of the Danish Ministry of Foreign Affairs and of the EU.

***Managing the policy on responsible investments***

Active ownership forms an integral part of our investment strategy and the individual steps of the investment process.

Sampension takes a proactive approach to companies that are found not to act responsibly in an ESG context, e.g. by engaging in dialogue with the company's management and other stakeholders.

### Screening and critical dialogue

Listed companies, in this context defined as shares or similar ownership interests in business undertakings, see the list of approved instruments, will be continuously monitored (at least quarterly).

Such monitoring will be performed by a professional and independent screening provider and be based on the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

Based on monitoring and screening data, the Management Company will assess whether the conduct of a company is found to be a material breach of Sampension's policy and guidelines for responsible investments.

If a company's conduct is found to be a material breach of Sampension's policy and guidelines for responsible investments, the initial step will be to assess whether the company is unacceptable, acceptable or should be placed on a surveillance list pending further investigation, or whether to engage in dialogue with the company. Following a process of responsive dialogue, the company will be categorised as either acceptable or unacceptable. Shares in unacceptable companies are added to the exclusion list and sold off. The decision is reviewed at intervals of not more than three years.

### Dialogue on improvement

To support the UN Sustainable Development Goals, the Management Company will arrange for dialogue to be initiated with selected portfolio companies that are considered to not adequately support the UN Sustainable Development Goals, and with special emphasis on companies that are considered to underperform their peers in that context.

The programme for a dialogue on improvement will be based on themes supporting one or more specific Sustainable Development Goals. The themes selected by the Management Company are re-evaluated at least once a year and presented to the Board of Directors.

The programme for a dialogue on improvement is based on the UN Sustainable Development Goals for the purpose of supporting portfolio companies' participation in sustainable development. For that reason, Sampension will not open a dialogue based on an assumption of non-compliance with these guidelines, so proactive dialogue, as opposed to responsive dialogue, will generally not lead to a decision on whether the company concerned should be excluded.

### Voting

Sampension and Kapitalforeningen Sampension Invest (the "Association") vote at the general assemblys of Danish OMX C25 companies and at the general assemblys of listed Danish and international companies in which Sampension and the Association represent 3% or more of the votes.

For other listed companies, the Management Company will work towards maximising its influence in companies, possibly in a joint effort between Sampension and the Association and other institutional investors through networks such as the UNPRI, focusing on agenda items considered of high importance in relation to Sampension's responsible investment policy. However, voting rights will always be exercised at general assemblys of companies with which we are in an ongoing critical dialogue, see above.

Unlisted equities are subject to the same guidelines as listed equities. Our responsible investment policy is applied during the due diligence process and implemented by way of the necessary agreements with asset managers.

Directly owned portfolio properties are not let to companies that have been placed on the exclusion list. Nor does Sampension invest in internally managed bond or debt portfolios in companies appearing from the exclusion list.

The responsible investment policy is managed to the effect that actual and potential conflicts of interest are identified and handled to ensure that the interests of Sampension's customers are safeguarded. The specific relevant guidelines are drafted by the Management Company and are made available on Sampension's website.