The following policy and guidelines for responsible investments and active ownership (ESG policy) is a consolidation 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 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 UN Paris Agreement, supplemented by the OECD guidelines for responsible business conduct for both multinational enterprises and institutional investors, the UN-supported Principles for Responsible Investment (UN PRI) and the UN Sustainable Development Goals.

This means that Sampension will always seek to make investments in companies that support 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.

Implementation

In our "Responsible Investment and Active Ownership Guidelines", our Board of Directors has defined the specific framework for responsible investments and active ownership as well as disclosure of information thereon.

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 ownership interests, engaging with portfolio companies, collaborating with other institutional investors and addressing actual and potential conflicts of interest in the context of active ownership.

Responsible Investment and Active Ownership Guidelines

Sampension's active management of investment assets is based on the impact of investments on the environment and climate, their social impact and 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.

On Sampension's Unit Link platform, a number of external funds are made available to the customers who have chosen to compose part of their pension portfolio themselves. The external funds on the Unit Link platform are not subject to the requirements set out in Responsible Investment and Active Ownership Guidelines, although a number of the funds will be subject to similar ESG guidelines drawn up by the fund provider, just as new funds on the platform will be assessed and recommended for approval based on Sampension's guidelines.

Environmentally-responsible and climate-conscious investments

The Management Company must ensure that the investment process takes into account climate considerations as represented by the 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, the Management Company will prepare an action plan for the reduction of the carbon footprint of the investment portfolio, so that the portfolio's greenhouse gas emissions will be net zero by 2050.

To the extent possible, the action plan will be based on objective criteria and relevant climate research and will contain consistent sub-targets for the period until 2050. The sub-targets must include "pathways to net zero" for relevant emissions-heavy industries. The aim of the overall portfolio is to reduce the emission of climate gases by at least 45% relative to the 2020-level by 2030.

The action plan must also support Sampension's active participation in the transition to a climate-sustainable economy by regularly exploring the possibilities of investing in the green transition.

The action plan is revised at least once a year, including on the basis of new available knowledge and the actual global development in the area.

Combined with our continued commitment to exercising active ownership in the climate area, 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.

In addition to the above, the following considerations for environmentally responsible conduct will be included in the investment process:

- The companies' ability and willingness to participate in the transition to a low-carbon economy.
- The companies' compliance with national environmental legislation, including occupational health and safety legislation in each country they operate in.
- The companies' contribution to a cleaner environment, for instance by supporting the development and diffusion of environmentally-friendly technologies.

Socially responsible investments

Our socially responsible investment policy is based on the United Nations' conventions on basic human rights, and the Management Company will include the following considerations in the investment process:

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 companies

The corporate governance principles set out below will be applied in connection with attendance at general meetings (voting) and membership of boards of directors or advisory bodies:

Board composition and organisation

The board of directors of a company must be composed so as to ensure that the right skills and diversity 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.

The board of directors of a listed company must as a minimum have set up an audit committee and a remuneration committee.

Board duties and responsibilities

The board of directors of a 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 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 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

A company 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 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 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 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

A company 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.

The Management Company will lay down detailed principles for responsible tax practices in investments, which also cover equity and debt investments and investments through external asset managers.

Lobbying

Companies have a general obligation to arrange their activities so that they are socially responsible, including with the necessary focus on the companies' environmental, social and governance impact.

This also includes companies' lobbying.

A company's lobbying should be carried out with due consideration to internationally recognised principles and guidelines for responsible business conduct, particularly the UN Global Compact, the UN Paris Agreement and the OECD Guidelines for Multinational Enterprises.

Lobbying is considered responsible if the interests promoted through the lobbying are compatible with the overall principles and guidelines set out above.

The Management Company will lay down detailed principles for responsible lobbying to be used in specific cases when considering whether a company's lobbying is responsible.

Investment policy with respect to weapons

The Management Company 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.

Investment in government bonds and government-owned companies

Investments in government bonds and securities issued by government-owned companies are only made in countries and companies that are not excluded on the grounds that:

- the country or key persons in that country are subject to significant financial 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. The above is anchored in the UN Guiding Principles on Business and Human Rights Implementing the United Nations "Protect, Respect and Remedy" Framework endorsed by the UN Human Rights Council in June 2011.

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 ownership interests or corporate bonds issued by business undertakings, see the list of approved instruments, will be continuously monitored in relation to any violation of Sampension's policy and guidelines.

Such monitoring will 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 serious violation of Sampension's policy and guidelines for responsible investments.

If a company's conduct is found to be a serious violation 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 critical dialogue with the company. Following such investigation or critical dialogue, the company will be categorised as either acceptable or unacceptable. With a view to the process being executed in a proper manner, Sampension will strive to complete investigations and critical dialogues quickly and preferably within one year. Shares in unacceptable companies are sold off. The decision is reviewed at intervals of not more than three years. The Management Company will keep an 'exclusion list' containing the companies categorised as unacceptable. The exclusion list is available on Sampension's website.

Dialogue on improvement

To support the UN Sustainable Development Goals, the Management Company will initiate dialogues 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.

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 dialogue on improvement, as opposed to critical 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 meetings of Danish OMX C25 companies and at the general meetings 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, 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 meetings of companies with which we are in an ongoing critical dialogue, see above, focusing on agenda items considered of importance in relation to the ongoing critical dialogue.

Investments through external asset managers

Investments through external asset managers are subject to the same guidelines as other assets, but also subject to the limitations following from the assets not being directly managed.

Our responsible investment policy is applied through the due diligence process and implemented by way of the necessary agreements with asset managers, just as the principles set out in policies and guidelines will be applied in connection with attendance at general meetings and membership of boards of directors or advisory bodies.

Focusing on the asset manager's responsible investment policy and the organisational implementation thereof will ensure that the asset manager takes a structured sustainability approach and thus supports e.g. the goals of the Paris Agreement and internationally recognised guidelines for responsible business conduct.

Sampension will also focus on the asset manager's willingness and ability to regularly engage in dialogue on the asset manager's sustainability efforts, including for the purpose of supporting reporting obligations.

Directly owned properties

The development in CO_2e emissions resulting from operations across the portfolio of directly owned properties is calculated and monitored with a view to supporting the work on the strategy for reducing the carbon footprint of the investment portfolio, as mentioned above.

The calculated CO_2e emission level is included in the calculation of the total carbon footprint of the investment portfolio.

In addition, Sampension will establish processes to support that new builds and major renovation works are completed with a focus on achieving sustainability certification (at least DGNB Gold or similar for new properties).

Rental units in directly owned portfolio properties are not let to companies on the exclusion list.

Directly owned corporate bonds

The carbon footprint deriving from investments in listed corporate bonds is included in the calculation of the total carbon footprint of the investment portfolio.

Sampension does not invest in bonds or debt portfolios in companies appearing from the exclusion list.

Conflicts of interest

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.

Transparency

Our policy and guidelines for responsible investments and active ownership will be publicly available through Sampension's website. We also publish portfolio lists of government bonds, corporate bonds and listed equities as well as 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.