



The Sparinvest Group

Corporate Social Responsibility Policy

Last updated March 7th 2019

Sparinvest

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Objectives

Sparinvest's corporate social responsibility (CSR) policy defines the framework for the strategic areas we have chosen to focus on for our social responsibility. Our ambition to make a positive contribution to a socially sustainable development is fully in line with Sparinvest's overarching values: Presence, Thoughtfulness, Decency and Spirit.

Sparinvest considers CSR to be something that adds value to our business, rather than an expense. By integrating awareness of our chosen CSR focus areas into every part of the business we aim to give peace of mind to our employees, investors, partners, customers and owners. Our goal is to anchor CSR in every part of our organisation and our value chain, from handling data, servicing and advising customers, human resources, and climate and environmental considerations, right through to local social initiatives and – above all – our approach to investing.

With more than 100,000 investors, Sparinvest is deeply rooted in local financial institutions. In partnership with these institutions, we have a great responsibility to ensure investor confidence and we believe that contributing to local initiatives for social responsibility can help with this aim. We have also established long-term, mutually satisfying customer relations among institutional investors, both on a national and international level.

We have defined CSR ambitions for the following seven areas:

- Customers
- Environment and Climate
- Suppliers and Purchasing
- Employee Relations
- Community and Commitment
- Responsible Investment
- Structure of the Board of Directors

Customers

Sparinvest's customers are our most important stakeholders. We have two types of customer - the distribution **partners** who make our products available to the investing public and the end **investors** themselves.

For our investors, our aim is to offer a well-diversified product portfolio that can match their varying risk profiles, and deliver attractive, long-term returns.

For our partners, we offer a broad palette of investment-related solutions that create value. The solutions are of high quality, scalable, correctly priced, and can be tailored to meet the needs and requirements both of the distribution partner and the individual end investor.

We will always strive to be the 'preferred partner' – the one that proactively addresses both current and future opportunities.

We have a close relationship with our customers and partners – one that is based on trust and competence. This is also reflected in our open and transparent communication.

Sparinvest has the following guidelines relating to customers:

- Consultancy Services

- Sparinvest commits considerable resources to the development and delivery of best advice and the ability to explore product ideas with our business partners. We offer the optimum environment for product development so that - together with our business partners - we can meet the needs of the investor.
 - Sparinvest also works in a proactive and goal-oriented way to create the best solutions, reports and products for both partners and investors.
- Costs
 - When setting the charging structures for our investment products and solutions, Sparinvest is transparent and competitive.
- Product Range
 - Sparinvest ensures an up-to-date, long-term and well-diversified product range for our partners and investors by constantly verifying, developing and monitoring our investment processes, strategies and risk management.
- Information
 - We ensure that our investors and our distribution partners have adequate information about the products to understand their qualities, exposure and risk.
 - Our information is verified, up-to-date and available to all interested parties.
- Money Laundering and Terrorist Financing
 - Sparinvest is fully compliant with the relevant legislation and has established guidelines and regular staff training with experts to prevent the risk of Sparinvest being used for money laundering or financing terrorism.
- Data Security
 - Sparinvest is fully compliant with the relevant legislation and has established guidelines to ensure that our customers' data is handled in a safe and responsible manner.

Environment and Climate

Sparinvest wants to make a positive contribution towards a more sustainable climate and environment by thinking it into our day-to-day behaviour and strategic planning. In this way, we strive to reduce our climate and environmental footprint of our business activities. Changing the way our employees think also involves a high level of knowledge and education, so Sparinvest will make sure there are regular updates to all concerned about new initiatives, as well as the logic behind them.

Sparinvest has the following guidelines within environment and climate:

- Company Car Policy
 - As part of Sparinvest's pay policy, certain employees have access to company cars. In this regard, we have published guidelines to ensure that all Sparinvest company cars meet our requirements regarding emissions, pollution and safety.
- Property Management
 - The management of Sparinvest offices necessitates the use of electricity, heating and water resources. Sparinvest is constantly focused on optimising energy consumption, both in relation to the behaviour of employees and the energy efficiency of any required machinery/technical installations. Sparinvest intends to monitor the effectiveness of any

adopted initiatives through regular reading of utility meters in order to ensure that we prioritise our efforts are prioritised within areas that have the biggest negative impact on the climate.

- Travel Policy
 - Sparinvest's global focus entails a high degree of international travel by certain staff members. Sparinvest maintains offices in a number of countries. Added to this, there are visits to current and potential customers, participation in international conferences and company visits in numerous countries. Optimising our carbon footprint through transport is high on the agenda and is regulated through clear guidelines, including how we compensate for emissions, carpooling and available forms of transport.

Suppliers and Purchasing

Sparinvest's business model is dependent on external suppliers, particularly within the field of IT solutions, which comprise a vital part of the operational platform. It is essential for Sparinvest that external contributors have the same focus on socially responsible behaviour and ethics that we do.

Sparinvest has the following guidelines for suppliers and purchases – whether related to big budget or everyday items:

- Suppliers (IT systems, strategic partnerships)
 - Sparinvest relies on external suppliers – especially of IT systems – to keep its business running smoothly. Sparinvest uses internationally recognised suppliers who focus on high levels of operational reliability and support, and who also feel obliged to re-invest in research and development. The guidelines for suppliers describe the standards and policies that Sparinvest regards as a necessary foundation for collaboration.
- Purchases (minor acquisitions)
 - Sparinvest wants ongoing purchases of IT equipment, office supplies, furniture, everyday items etc. to be in accordance with the principles that ensure that no producers, distributors, or other links in the supply chain, break with international conventions. They must also be optimised with regard to resource and energy efficiency.

Employee Relations

At Sparinvest, we value our employees' wellbeing and our strong, value-driven culture. Our clear ambition is to build the best possible framework for an attractive, stimulating and healthy workplace that creates wellbeing and a good working environment for our employees, as well as promoting opportunities for both professional and personal development.

Sparinvest works with the following guidelines in relation to employees:

- Culture and values

Sparinvest's corporate culture is characterised by a set of strong values (spirit, thoughtfulness, decency and presence) that are the foundation of everything we do, both in relation to each other and also in relation to the outside world. Our long-standing 'family culture' means that we take care of each other and treat all employees with decency.

- Senior Employees
 - At Sparinvest, we feel we have a responsibility to ensure that our senior employees have a healthy transition from work life to retirement. This means that we try to meet individual needs through individually adapted relationships and agreements, where the senior employee has the possibility of staying in work, perhaps with different types of tasks and responsibilities, or to gradually withdraw from work life. Of course, these agreements must be mutually acceptable and create value.
- Employee Development
 - Sparinvest wishes to create the best possible framework for employees to develop and strengthen their competencies through education and development. Competency development in Sparinvest has both a strategic and a functional purpose. As a business, we ensure that our employees maintain their market value, while, as employers, we expect our employees to demonstrate a willingness and desire to develop and apply their competencies.
- Health and wellbeing
 - Sparinvest wishes to promote employee health and wellbeing. We do this by supporting both social and sporting events, by supplying varied and healthy food in our canteen, and by offering attractive and flexible terms of employment.
 - In the event of an employee having a long-term illness or a reduced ability to work, we strive to keep the employee in the workplace through flexible conditions of employment and clear plans for subsequently returning to the labour market.
- Data Privacy
 - Sparinvest is compliant with the relevant legislation and has established guidelines to ensure that our employee and customer data is handled in a satisfactory manner with privacy safeguarded.
- Recruiting, onboarding and offboarding
 - Our core value of decency is an essential guide for how Sparinvest deals with employees, from when they join the company right through to when they leave. Regardless of the outcome, we have a duty to ensure that all candidates have a positive experience of our recruiting process and the subsequent onboarding. Also, we strive to ensure that departing employees – regardless of the reason why – leave us with a feeling of having been decently and respectfully treated.
- Diversity
 - Sparinvest welcomes diversity and does not accept discrimination of any kind towards its employees.
- Salary
 - Sparinvest follows relevant legislation and established guidelines for setting the remuneration of the Group's management, significant risk-takers and key personnel.
 - Sparinvest's salary levels are set according to general principles, based on equal treatment of employees in relation to competencies, seniority, roles etc.
- Code of Management
 - Based on our values and our business goals, Sparinvest has defined a 'Code of Management' that sets out good leadership behaviour, as well as the leadership competencies

we expect in our managers. We recognise the managers' influence in the overall performance of the company and the importance of a management that is both aligned with company goals and highly competent.

- Whistleblowing
 - Sparinvest has a confidential whistle blower portal that provides an opportunity to inform the company about inappropriate and/or illegal activities without the employee having to be concerned about job security.

Community and Commitment

Sparinvest wants to contribute to social development by taking a social responsibility in the local community – in other words, in the local municipalities where we have a business presence. This allows us to enter into sponsorship agreements or partnerships with educational institutions – for example in fields such as knowledge sharing, and to promote efforts by local authorities to establish a safe and attractive local community.

In addition, Sparinvest has a close collaboration with our distribution partner stakeholders. These are local financial institutions with strong regional networks. They therefore share our desire to take a responsible and active role in local communities.

Sparinvest also wishes to support selected charity organisations and social work through encouraging its employees' involvement in local voluntary work.

The following guidelines apply to this area:

- Sponsorships
 - Sparinvest wishes to support local sports associations and the like through sponsorships and collaborations with the local financial institutions that are represented in the area.
- Municipal Collaboration
 - We are open to contributing to relevant municipal projects, for example within employment, climate and environment, urban renewal or culture and local associations.
- Social Work and Volunteering
 - Sparinvest supports selected relief organisations. We have chosen to focus particularly on organisations that are intended to help and create better conditions for vulnerable children. Also, we support social work through supporting employee involvement in voluntary social work.
- Internships and Educational Institutions
 - As we wish to contribute to creating tomorrow's workforce in our field, Sparinvest welcomes interns and students from relevant educational institutions. We consider it to be a natural part of our efforts to be a desirable place of work, capable of attracting and retaining highly qualified staff.

Responsible Investment

Sparinvest's primary business activity is asset management. The company's overall purpose is to offer a broad range of investment products that each, or in combination, meet the customer's risk appetite and

time horizon. As a responsible investor, Sparinvest abides by internationally recognised standards for responsible investment.

The Group is a signatory of the UN Principles for Responsible Investment, abides by the Danish Stewardship Code and is a member of the ALFI Responsible Investment Committee.

Long-term and sustainable value creation are absolutely central to our work with responsible investments. Sparinvest works seriously, decently and respectfully towards integrating social responsibility into its investments within the framework of the management's policies on social responsibility in investments and active ownership. These policies must ensure that Sparinvest's work with social responsibility in investments are business-driven and based on stringent criteria.

Sparinvest adheres to the following guidelines for responsible investments. These can also be found on our home page.

- ESG Integration
 - Throughout our investment processes, we consider the opportunities and risks raised by environmental, social and governance (ESG) issues.
 - The precise way in which ESG considerations are integrated varies by fund class: a passive fund cannot take the same approach as an actively managed fund selecting individual equities or credits. In those active funds, ESG plays a role throughout the process, from idea generation and screening, to case analysis, valuation, and discussion, to investment decision making and portfolio construction. It naturally feeds into our Stewardship work.
- Stewardship/Active Ownership
 - We work actively to encourage good governance and foster sustainable, long-term value at our investments.

In practice, active ownership boils down to two key elements: exercising voting rights on shareholdings, and engagement. Engagement involves dialogue with companies – but also other bodies – with the aim of increasing our understanding, and potentially influencing behaviour.

Sparinvest complies with the Danish Stewardship Code and has guidelines describing if and under what conditions it permits the practice of securities lending.

- Exclusions & Ethical
 - Exclusion is not the starting point for Sparinvest's responsible investment policy as our preference is to focus on improving companies through constructive dialogue. However, all our funds exclude companies involved in controversial weapons.
 - Our Ethical funds go further and exclude companies based on based on violations of international norms and involvement in certain sectors.

Structure of the Board of Directors

Sparinvest's Board of Directors is responsible for deciding and following up on the long-term strategy and vision, as well as the overall framework for how the company should be run. They are not involved in the day-to-day running of the company, which is delegated to the company's management. The Board typically

consists of members with backgrounds in the financial sector and with relevant experience within the areas that the company operates in.

In order for Sparinvest to develop as a company, both economically and in relation to social responsibility, it is essential that the Board has the necessary competencies and diversity. This requires regular evaluation of whether the company's long-term strategy and values are reflected in the Board members' competencies. Sparinvest therefore has clear guidelines covering: recruitment of Board members; education of Board members and how to deal with conflicts of interests in the Board. Together, these will ensure that Sparinvest is a professional and efficiently run business.

These are the following guidelines regarding the structure of the Board of Directors:

- Board competencies
 - As Sparinvest wishes to have a Board that always reflects the company's strategy and vision, it is necessary to have a regular evaluation of Board composition and development of the competencies of its members.

Organisation and Responsibility

This policy for Corporate Social Responsibility has been approved by the Board for Sparinvest Holdings SE and applies to all companies in the Sparinvest Group.

The Board has overall responsibility for the policy and will review it at least once a year in order to carry out the adjustments necessary to ensure the policy is in accordance with the Group's strategy and targets.

The Group's directors set the Sparinvest strategy for social responsibility and ensure that it is implemented in the day-to-day running of the Group's companies.

The work on corporate social responsibility is regularly reported to the Board of Directors.

Approved at the board meeting on March 14th 2019.

The Board of Directors for Sparinvest Holdings SE

Chairman

Vice-Chairman

