

STEWARDSHIP POLICY

Sparinvest S.A. and ID-Sparinvest, Filial af
Sparinvest S.A., Luxembourg
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HISTORY:

Date	By	Comments
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PURPOSE

The purpose of this Stewardship Policy is to describe the overall framework for Sparinvest's stewardship activities. This Stewardship Policy should be read in conjunction with Sparinvest's Sustainable Investment Policy, which constitutes the overall and framework-setting policy for Sparinvest's sustainable investment practices. Furthermore, the Stewardship Policy should be read alongside Nykredit's Stewardship Framework, as Sparinvest is part of the Nykredit Group ("our Stewardship Framework"), and which provides further details on our approaches and processes for exercising stewardship. Our policies and governance documents relating to our sustainable investment activities include:

- Sustainable Investment Policy
- Stewardship Policy
- Stewardship Framework
- Methodologies related to Sustainable Investments.

SPARINVEST'S APPROACH TO STEWARDSHIP

We invest responsibly with a long-term perspective. We are committed to safeguarding the long-term value of our customers' investments while encouraging companies to mitigate sustainability risks and seize sustainability opportunities. We exercise stewardship through monitoring of companies, engagements and voting.

A broad range of ESG factors can have a material impact on investment risks and returns (financial materiality) as well as on the environment and wider society (environmental and social materiality). We believe that most social or environmental impacts have the potential to become financially material. This is especially true over long time horizons – for example, as externalities are priced in. These factors may have an impact on financial metrics, such as underlying revenues, costs, liabilities and cash flows of investee companies. Additionally, they may have an impact on the valuation that financial markets are willing to attribute to these investments.

Therefore, we practice stewardship to safeguard and enhance the value of our customers' investments while managing principal adverse impacts on investments.

STEWARDSHIP: MONITORING OF COMPANIES

We continuously monitor our investments. Monitoring involves various types of fundamental information, such as ESG factors, and varies depending on the asset class and investment strategy. For instance, there is a distinction between actively managed and passively managed products, with the latter aiming to replicate the return of a specific index.

Across our product range, we monitor investments based on applicable exclusion criteria. Furthermore, all investments are monitored on an ongoing basis for compliance with recognised international standards and conventions. The monitoring is based on widely acknowledged UN conventions, including, but not limited to, the UN Global Compact, and the UNGPs on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. Investments are also monitored based on a range of criteria related to climate and the environment, along with other activity-based criteria.

For actively managed strategies, relevant investment managers also monitor the companies as an integral part of the investment process. We use a number of information sources to monitor companies, including, but not limited to, corporate reporting, information from data providers and external research providers, meetings or other forms of communication with the companies, and the exercise of voting rights at general meetings. We also use information from other external sources, such as news media, NGOs, civil society, professional associations and so on.

The monitoring provides insight into sustainability-related risks and opportunities. Information obtained through monitoring plays a key role in prioritising our stewardship activities. Additionally, we may use the information for exclusion decisions, investment research and valuation, as well as for investment decisions and portfolio construction.

Reference is made to the following sections on engagement, as well as our Stewardship Framework for further information on prioritisation and implementation of our stewardship activities. In addition, a detailed description of our exclusion criteria, along with disclosure on how we monitor investments, can be found in Nykredit's Methodologies related to Sustainable Investments, as Sparinvest is part of the Nykredit Group.

STEWARDSHIP: ENGAGEMENT

As investors, it is natural to engage in dialogue with investee companies. For example, investment managers managing our actively managed, fundamental strategies communicate with companies as part of the investment process to deepen their understanding of the companies and highlight certain issues.

The goal is to have an honest and constructive dialogue, and we strive at all times to sustain the long-term value of our investments by encouraging companies to both mitigate risks and exploit opportunities related to ESG or other areas.

We only classify dialogues as engagements in cases where we have set a specific objective. Reference is made to our Stewardship Framework for more information on our approach.

How do we prioritise engagements?

Our overarching principle is to focus on exercising meaningful engagements with an impact on material factors. Therefore, the selection and prioritisation of engagements are key, with our focus areas reflecting issues that we believe have a high potential impact across portfolios. These issues include climate, other thematic areas, including nature-related risks and human rights, and international norms and conventions.

In addition, we identify other material company-specific ESG risks or opportunities that may be relevant when initiating engagements. Reference is made to our Stewardship Framework for further information on our approach to selecting and prioritising engagements.

How do we engage?

To maximise the impact of our stewardship, we engage with companies in three different ways:

- **Direct engagements:** We enter into direct engagement with the company ourselves. For actively managed investment strategies, the investment managers are typically involved, leveraging the investment team's existing knowledge of the company to enhance the dialogue. It also sends a signal to the company that the issue is considered material by the investment team.

- **Engagements through collaboration:** We enter into engagement with companies through collaboration with other institutional investors. We can take on the role of lead investor, assuming a significant part of the engagement efforts, including developing the engagement strategy, or participate as a contributor in engagements led by other investors.
- **Engagements through a service provider:** We engage with a number of companies through a professional, market-leading service provider. In some cases, we participate in meetings and directly contact selected companies to inform them that we are a stakeholder in the relevant engagement, if we believe it brings value.

Monitoring of engagements and escalation

When we enter into engagements, we strive to set clear objectives and consistently monitor progress. If our engagement does not progress as desired, we may choose to escalate. We assess the appropriate escalation steps on a case-by-case basis, and, in line with our engagement prioritisation, consider the materiality of the matter and the potential for meaningful change when determining the need for escalation. Reference is made to our Stewardship Framework for further information on our approach to monitoring and escalation, including the specific measures we may take.

STEWARDSHIP: VOTING

We view the exercise of voting rights on behalf of investors as one of our key responsibilities as an asset manager. We are committed to transparency in our voting process. This includes disclosing our voting principles and actual votes on our website.

When do we vote?

Sparinvest strives to exercise all available voting rights. In rare cases, however, operational challenges may arise in the value chain that prevent us from voting. We aim to minimise such cases.

Voting principles

Our voting principles outline key considerations on corporate governance and other issues related to voting. The purpose of these principles is to minimise risks and enhance value creation, guided by the principle of serving the long-term interests of our investors.

The principles cover the following areas:

- Governance
- Board composition
- Remuneration
- Dividends, share buybacks and capital allocation
- Reporting and audit
- Environmental and climate-related issues
- Social issues.

Reference is made to our Stewardship Framework for detailed information on our voting principles.

Execution of voting process

When making voting decisions, we consider the agenda items of the companies' general meetings based on

our voting principles. Sparinvest uses proxy adviser services to assist with operational aspects of voting and to provide tailored research aligned with Sparinvest's voting principles. For general meetings of companies in actively managed funds, and for general meetings of particular significance in companies in passively managed funds, we consider the agenda items internally in conjunction with the externally provided research. In actively managed funds, our investment teams play a central role in this process, given their knowledge of the companies. The investment team will make the final voting decision within the scope of this Policy.

We vote against agenda items at general meetings if items are deemed to be in conflict with our voting principles. Voting decisions may exceptionally deviate from the principles if this is in the best interest of our investors. Furthermore, there may be situations where certain principles appear to conflict with other principles; in such cases, as always, Sparinvest expects management to act in the best interest of long-term shareholders.

Reference is made to our Stewardship Framework for further information.

Stewardship: Communication in relation to voting

We consider the exercise of voting rights a central aspect of our stewardship, serving as a complementary element to monitoring, dialogue and engagement. For companies in our actively managed funds where we vote against management's recommendation, the relevant investment managers strive to inform the company about the reason for voting against management's recommendation. If time permits, the company will be informed before the general meeting. If we vote against management's recommendations at companies within our passively managed strategies, the ESG team informs those companies that, based on a materiality assessment, are deemed particularly relevant. In some cases, we may use voting as an escalation mechanism. Reference is made to our Stewardship Framework for further information.

STEWARDSHIP: COMMUNICATION WITH RELEVANT STAKEHOLDERS

We recognise that our stewardship activities may involve a wide range of stakeholders, including, but not necessarily limited to, the media, NGOs and other independent institutions and organisations, broader society as well as stakeholders in investee companies. We seek to stay informed about the potential impact of our work on relevant stakeholders and may engage in dialogue with selected stakeholders where appropriate.

MANAGING CONFLICTS OF INTEREST

In the context of our stewardship, situations may arise where Sparinvest's interests diverge from those of our customers. To ensure that all customers are treated honestly, fairly and professionally and to mitigate any potential conflicts of interest as much as possible, Sparinvest has established procedures to prevent, identify and handle conflicts of interest.

As part of our efforts to prevent conflicts of interest, Sparinvest has prepared a Conflicts of Interest Policy as well as associated business procedures. Internal training programmes for selected employees have been established on how to identify and manage existing and potential conflicts of interest, and a register of conflicts of interest is kept.

For further information, please refer to Sparinvest's Conflicts of Interest Policy. When conflicts of interest are identified, the immediate manager of the relevant unit as well as Sparinvest's Compliance unit are

notified. The conflict is then analysed and managed in light of the given case, and workflows are adapted as necessary to prevent future cases. In cases where the measures established by Sparinvest to manage conflicts of interest are not sufficient to reasonably ensure that customers' interests are not harmed, the affected customers are informed of the situation and incident.

MONITORING AND REPORTING

Nykredit's Sustainable Investment Committee, in which Sparinvest participates, is responsible for implementing this Stewardship Policy. We report on our stewardship activities and compliance with this Policy in various ways and through different channels, including our annual reporting, reporting under the UN Principles for Responsible Investment (UN PRI) and reporting on stewardship.

GOVERNANCE

This Policy was approved by the Board of Directors on 21 May 2025, after which date the Policy is in force within the Management Company.