

# Spar Nord Policy for active ownership



## 1. Purpose and objective

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This policy describes how the capital management department at Spar Nord (Spar Nord Kapitalforvaltning) practices active ownership in discretionary portfolio management. Spar Nord Kapitalforvaltning exercises active management based on long-term investments. The objective is to achieve long-term returns after costs, while also taking account of investment risk. Spar Nord Kapitalforvaltning aims to help ensure that companies have focus on long-term value creation, as we consider this an important factor in reaching our goal to achieve the highest possible returns. Spar Nord Kapitalforvaltning customers must be confident that we invest responsibly. The key element in the investment process is the goal to secure returns and value creation through analyses of both financial and sustainability key figures, as well as evaluations of compliance with international standards and conventions and how companies manage ESG factors. Our investment strategy is active management with possibilities of significant deviations relative to the benchmark. All investments are through direct investments in company shares.

Active ownership is included as a part of integration in the investment process by Spar Nord of sustainability risks and the most important negative impacts on sustainability. See more on the sustainability risks and the most important negative impacts on sustainability in the policy for responsible investment.



## 2. Overall principles

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### 2.1 Global shares (excl. Denmark)

For global shares, as a general rule, active ownership is via Institutional Shareholder Services (ISS). ISS regularly screens the companies on behalf of Spar Nord Bank. ISS can engage in dialogue with companies and make recommendations for Spar Nord Bank on voting at general meetings. Spar Nord Bank takes an independent view of items on agendas for all general meetings in global companies in which we have invested. Spar Nord Bank can actively deviate from voting recommendations from ISS when this is appropriate.

### 2.2 Danish shares

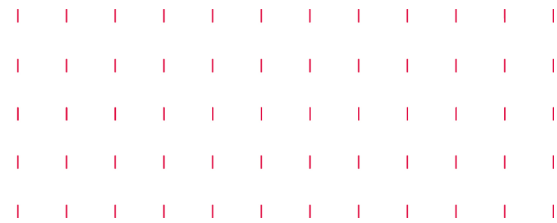
With regard to investments in Danish shares, active ownership is exercised directly by Spar Nord Kapitalforvaltning. Active ownership by Spar Nord Kapitalforvaltning in relation to Danish companies is primarily aimed at active participation in voting at general meetings. In addition, as part of the management task, we:

- Monitor the companies in the portfolio with focus on:
  - The strategy of the company
  - Financial and non-financial targets and results achieved
  - Risk
  - Capital structure
  - Corporate governance
  - Climate change
  - Human rights compliance
  - Labour rights
  - Corruption and bribery.
- Participate in presentations for investors
- Participate in conference calls with the company
- Participate in conference calls with share analysts
- Maintain regular dialogue with share analysts who follow a specific company
- Make active buy/sell decisions on a specific share

If we judge that there is a need for behavioural change or if we find unacceptable circumstances in a company, with active ownership we can attempt to influence/change these circumstances through the executive board, board of directors or other owners. The point of departure is to engage with management and the board of directors rather than exclude the company. Active ownership gives Spar Nord Kapitalforvaltning more options than merely disposing of the investment.

Active ownership can be exercised at several levels:

**Confidential:**



- Enter into dialogue and discussion with management and investor relations
- Written inquiries
- Meetings with the executive board/board of directors

**Public:**

- Participation in general meetings
- Submit proposals to general meetings
- Vote at general meetings
- Propose extraordinary general meetings
- Issue press releases or similar

**Cooperation:**

- Dialogue with other shareholders
- Collaboration with other shareholders on specific initiatives

The board of directors must act in accordance with the long-term best interests of all shareholders. In this context, we prefer the board of directors to be independent of the daily management of the company as this strengthens the credibility of the control function of the board of directors. In general, we support proposals by the board of directors, but only if, following a specific assessment, they are in line with the long-term interests of the shareholders.

Spar Nord Kapitalforvaltning votes at general meetings and enters into dialogue with a company when relevant.

If it is assessed that dialogue with a company and/or voting at a general meeting has not had adequate effect, Spar Nord Kapitalforvaltning can sell the shares and possibly exclude the company from the bank's investment universe.

## 3. Approval and update

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This policy has been approved by the Board of Directors of Spar Nord with effect from 1 July 2023.