



BAGGER · SØRENSEN

# BAGGER-SØRENSEN INVESTMENT POLICY

**Version 1**  
Effective from 1 July 2024  
Approved at board meeting Q2/June 2024

## BACKGROUND AND PURPOSE

Bagger-Sørensen & Co A/S is a private holding company responsible for managing the assets and wealth of the Bagger-Sørensen family. This responsible investment policy covers the group's direct investments in unlisted equities primarily conducted through Bagger-Sørensen Equity A/S, the group's real estate investments, and investments in securities made by Bagger-Sørensen & Co A/S. We aim to be a responsible investor recognized for delivering strong financial returns and positive societal impact.

We believe that by consciously integrating societal impact and Environmental, Social, and Governance (ESG) aspects into our investment strategy, investment processes, and engaged ownership activities, we can make better investment decisions and achieve better returns. This policy describes Bagger-Sørensen's commitment and approach to creating societal impact and integrating ESG aspects into our investment processes and activities.

### 1. SCOPE

The policy applies to direct investments in unlisted equities, real estate investments made by the Bagger-Sørensen group, and investments in securities, whether conducted directly or through external asset managers or funds.

The purpose of the policy is to cover the entire investment lifecycle from due diligence and agreement to the ownership period. The processes for responsible investments are designed to highlight ESG aspects that are significant for the specific type of investment. Significant ESG aspects are defined as factors reasonably considered important to reflect the company's or asset's economic, environmental, and social impacts in both the short and long term.

### 2. ROLES AND RESPONSIBILITIES

The policy is approved by the Board of Directors and reviewed annually together with the Group's other policies. Executive Management owns the policy and oversees its implementation as well as training across the organisation. Executive Management is also responsible for reporting material breaches of the policy to the Board without undue delay. Group Management is responsible for implementing the policy in daily business activities and ensuring that related processes are used appropriately within their respective teams.

### 3. OUR APPROACH TO INVESTMENTS

At Bagger-Sørensen, we focus on investing in companies striving to continuously improve their financial performance and ESG achievements in order to contribute to positive societal development. We consistently work on the basis of the most significant ESG focus areas on our investments and use the following approach as a guideline for due diligence, decision-making, and engaged ownership activities. We recognize that this area is rapidly evolving and continuously seek to improve this perspective through the annual review of the policy.

#### ENVIRONMENTAL

- Reduce climate impact and apply appropriate structures to identify and prevent climate change-related risks to achieve the targets of the Paris Agreement
- Reduce the environmental footprint, i.e., limit the emission of harmful substances and waste
- Limit the use of environmentally scarce and non-renewable resources and minimize negative impacts on biodiversity

#### SOCIAL

- Promote diversity, inclusive workplaces, and enforce zero tolerance towards any form of discrimination or harassment
- Respect employees' rights to decent working conditions, such as minimum wage, working hours, health, and safety
- Adhere to international human rights principles, including zero tolerance for child and forced labor



## GOVERNANCE

- Maintain a board with a sufficient mix of members with the competencies and independence to ensure the company's long-term goals for owners and stakeholders
- Define and document an ESG-Governance structure with clear responsibilities and procedures
- Integrate significant sustainability aspects into the company's strategy and operations, set standards for sustainability through relevant sustainability-related policies, and conduct strategic board discussions on sustainability at least once a year
- Maintain a high level of business ethics in all types of transactions and interactions to prevent fraud, bribery, and corruption and ensure responsible marketing practices

## EXCLUSION

We exclude assets and companies that directly and significantly harm the environment or conflict with the Bagger-Sørensen group's ethics and values. Based on this, we exclude investments in companies within the following categories:

- Environmentally harmful activities: Investments in companies involved in severe environmentally harmful activities or violations of environmental standards
- Unethical business conduct: Investments in companies involved in corruption, bribery, or other forms of unethical business conduct
- Human rights violations: Investments in companies known for serious human rights violations
- Discrimination: Investments in companies actively engaging in discrimination based on race, gender, religion, or sexual orientation

Additionally, we exclude companies with more than 5% revenue exposure from the production of non-medical cannabis, adult entertainment, palm oil, tar sands, thermal coal, and tobacco.

We allow investments in companies producing fossil fuels if they intend to transition their business to a low-emission model per the Paris Agreement.

The exclusion criteria apply to investments in securities, direct investments in unlisted equities, and real estate investments.

## INTEGRATION OF ESG IN INVESTMENT DECISIONS

During the due diligence of a potential investment, we assess significant ESG risks and opportunities. The assessment is tailored to the specific type of investment, industry, and maturity of the company or asset.

The assessment is based on qualitative and quantitative data from public company information, external ESG data, analyses from external providers, or direct interaction with the company or external manager, depending on the investment. The result of the ESG assessment of an investment is included and presented in the investment recommendation. Any ESG-related actions identified during due diligence will be addressed and continuously monitored.

## ENGAGED OWNERSHIP

As engaged owners, we aim to directly influence our direct investments in unlisted companies through our board positions, management dialogue, and voting. We leverage our extensive expertise in industry and investment. We support, develop, and promote the integration of ESG in business practices in portfolio companies. We include ESG aspects in the ongoing monitoring of investments and their development.

## REPORTING AND TRANSPARENCY

We aim to provide transparent reporting and communication on responsible investments. This includes a report on our implementation, progress, and results in the annual report and ESG report.

