

Policy for execution of active ownership



1. Maintenance

This policy shall apply to all legal entities and business areas of the Tryg Group, defined as Tryg A/S, and all subsidiaries (hereinafter "Tryg").

The policy shall be updated and approved at least once a year, or more frequently in case of substantial changes in the conditions on which the policy is based.

2. Background

In 2016, the Corporate Governance Committee prepared the recommendations for active ownership.

Tryg is not legally bound to adhere to the above-mentioned recommendations but will on an ongoing basis strive to act responsibly in relation to investments, also in listed companies.

3. Purpose

The purpose of the policy is to ensure that Tryg acts as an active owner. For a broader description of Tryg's responsible investing policy, see "Responsible investment policy for Tryg A/S, including all subsidiaries ("Tryg")" as well as "Process for ethical screening and action on Investments".

4. Overall policy for active ownership

In general, it is Tryg's policy to act as a responsible investor in all matters relating to investments.

Externally managed assets

The vast majority of Tryg's investment assets are externally managed by third party asset managers, where Tryg does not hold the securities directly of the underlying investments. To ensure that active ownership principles are followed on externally managed assets, Tryg's internal Active Source Management (ASM) processes are used when selecting and monitoring third party asset managers. ASM seeks to ensure that third party managers act as responsible investors and have an ethical mindset aligned with Tryg. In relation to active ownership, this means that third party investors engage with companies and vote on shareholder matters.

Internally managed assets

In relation to direct investments in listed companies – Danish as well as foreign, in which Tryg possesses an equity interest of a suitable size, taking into account the total share capital of the company and the possibility of executing an active influence in the company, Tryg wishes to execute active ownership.

When Tryg invest unlisted companies, Tryg often holds a significant ownership stake, and Tryg is involved as an active owner. These activities can include, but not limited to, ongoing engagement with management and voting on shareholder meetings.

The Corporate Governance Committee recommends that an annual statement is prepared by investors in relation to execution of the recommendations for active governance. The investment assets are currently externally managed and treated under our ASM process, that ensures that active ownership is practiced on the underlying assets. At present, Tryg does not possess any direct equity interest of a suitable size in listed companies (currently none), and therefore it has been decided that an annual statement will not be prepared. If the ongoing monitoring of Tryg's investments show exposures in listed companies deemed to be of a suitable size, it will be considered whether an annual statement should be prepared going forward.

5. Concrete management goals in current execution of active ownership

Where Tryg possesses an equity interest of a suitable size in listed companies, the goal is to exercise active ownership based on the parameters below:

- Supervision of and dialogue with the company (including strategy, results, risk, capital structure, corporate governance, corporate responsibility, company culture and remuneration of management). An assessment of the investment decision is based on publicly available information.

If it is a question of non-public knowledge, Tryg will consider the specific situation as to whether it is necessary to make Tryg an insider pursuant to legislation to be able to obtain non-public information about the company in question.

- Where, based on the supervision and dialogue mentioned above, Tryg finds the actions of the company to be worrying, it will be considered whether Tryg's active ownership activities should be escalated. Escalation steps include initiating a closer dialogue with the top management of the company, make declarations at an Annual General Meeting or forward proposals to be processed at an Annual General Meeting as well as escalate the cooperation with other investors. In worst case, Tryg may consider disposing the shares in the company and add the company to an exclusion list.
- Perform an ongoing assessment whether it would be beneficial to execute the active ownership in cooperation with other investors. However, always pursuant to applicable law.
- Preparation of a voting policy, e.g. describing how Tryg should act in matters of voting at Annual General Meetings – either in person or by proxy; the scope of release of Tryg's votes and decisions relating to equity loans and revoking of lent shares in relation to casting votes at Annual General Meetings.
- Ensuring that procedures for identification and handling of possible conflicts of interest have been prepared. Including e.g. whether Tryg should consider executing active ownership in a company, which is a customer in Tryg or a competitor to Tryg.

6. Responsibility

The CIO in Tryg Forsikring A/S is overall responsible for ensuring that the policy and any related business procedures are observed at all times.

7. Reporting

The Executive Board in Tryg shall notify the Supervisory Board at the next board meeting of such occasions where Tryg has executed active ownership.

Approved by the Supervisory Board 9 October 2019.