

Policy for Shareholder Engagement

THIS POLICY WAS ADOPTED BY THE BOARD OF DIRECTORS of Söderberg & Partners Asset Management S.A. (the “**Company**”) on 4 June 2019. The policy for Shareholder Engagement (the “**Policy**”) refers to the investments in each fund (the “**Fund**” or “**Funds**” collectively) managed by the Company. The Policy shall be reviewed at least annually, or whenever needed due to regulatory or operational changes.

SCOPE OF THE POLICY

The Policy applies primarily to the Company’s exercise of ownership in companies (“**Investee companies**”) that have issued shares for trading on a regulated market in the Nordics. As for other investments, such as in companies in other jurisdictions or companies in which the Company is an indirect owner, the possibilities for exercising shareholder engagement are considered limited. Nevertheless, the Policy will be followed to the greatest extent possible.

GENERAL PRINCIPLES OF SHAREHOLDER ENGAGEMENT

The Company’s investment strategy for the assets of the Funds focuses on generating a favourable long-term and risk-adjusted return for the investors. Furthermore, the Company aims to increase the value of the Funds by showing an active engagement in environmental, social and governance (“**ESG**”) issues in the Investee companies. This means, among other things, that the Company shall take an active and responsible role as shareholder in the companies the Funds invest in. In the role as owners, the Company shall always aim for long-term values with emphasis on sustainability, activity and responsibility.

Sustainability is an integrated part of the corporate culture of the Söderberg & Partners group of companies (“**Söderberg & Partners**”). The Company has adopted a separate policy for Responsible investments with particular focus on sustainability.

It should be pointed out that the primary focus of the Funds’ investments are other funds and exchange traded derivatives. For these investments, the possibilities of taking an active role in the ownership of the underlying investments are considered limited. Nevertheless, the underlying holdings in the Funds are continuously monitored by the Company with respect to ESG factors. The Funds will not invest in other funds with severe or systematic ESG controversies. The investment in other funds should be in compliance with the Company’s policy for Responsible investments and should not be made if the Funds deem that the funds are not likely to address identified problematic issues within an acceptable amount of time. Should the monitoring show that the management of the underlying fund fails to perform on issues related to ESG, the Company shall act by taking one or several of the following measures; (1) Initiate a dialogue with the management of the fund; (2) engage with the management of the fund; or (3) sell its holdings. The level of engagement (option 2 above) varies and depends, for example, on the size of the Funds’ holdings and anticipated improvement.

In addition to investments in other funds, the Company, on behalf of the Funds, invests in Investee companies shares. When acting as a direct shareholder the Company shall assess the possibilities to create financial and/or ESG added values for the shareholders through the investments. Based on these assessments the Company shall be actively engaged in the governance of the relevant

company, either independently or together with other shareholders or organisations. The engagement may be exercised by one or several of the following activities; engagement in board recruitment processes, participation and voting at general meetings, various types of constructive dialogues with, among others, the management of the company, ESG-teams, other investors and partners. The Company shall always act in a way that benefits the investors in the Funds.

THE COMPANY'S RESPONSIBILITIES FOR SHAREHOLDER ENGAGEMENT

1. Communication

One of the most important things for an effective shareholder engagement is to establish and uphold a dialogue with the management and/or directors of the Investee companies. The Company shall aim for a constructive dialogue with respect to performance, ESG related matters or other matters affecting shareholder interests and long-term value. The dialogue should focus on creating a mutual understanding of governance matters and to promote the adaption of best practices. This is not the same thing as telling the management what to do, but a way to give the management time to address and solve the issue.

The Company's shareholder engagements (including information on how the Company has exercised its voting rights, see further section 3 below) will be communicated to the investors in the Funds. The information will be publicly published on an annual basis. Furthermore, all necessary and updated information will always be available on www.soderbergpartners.lu, including information on the work of sustainability.

2. Boards of directors

The election of competent directors is one of the most important responsibilities for an engaged shareholder. Therefore, the Company shall focus on the composition of the board of directors in Investee companies. The Company expects that the management of the Investee companies promote and protect shareholder interests, which accordingly is the focus of the Company's ongoing monitoring.

The Company is generally not directly involved in the process of nominating board members in the Investee companies. However, in the event the Company is asked to participate, the Company shall to the best of its ability identify and suggest appropriate board members. The Company shall in all circumstances stay informed of the nomination processes and the explanations given for all nominations. The Company shall always act in the interest of the investors in the Funds, which may give the Company reason to contact the nomination committee regarding the composition of the board or discuss other key topics.

3. Participation in shareholders' meetings and exercise voting rights

The Company shall, as a general principle, participate in general meetings of Investee companies and exercise its voting rights, as allowed for in the investment objectives of the individual Fund.

The Company considers it especially important to attend general meetings when specific items are on the agenda, such as:

- appointment of directors;
- efficiency and objectivity of the internal control system;
- analysis of the financial statements of Investee company and approval of the annual accounts;
- remuneration policy and incentive systems;
- change of constitutional documents;

- appointment/designation of external auditors;
- ESG issues.

Even when the Company decides to not participate directly in a general meeting, the Company may exercise its shareholder rights by voting by proxy or issue a power of attorney with voting instructions to someone who can represent the Company at shareholders' meetings.

The decision to exercise voting rights is based on what could be considered as reasonable and effective from an investment management perspective. Therefore, it is for the relevant portfolio manager to decide on participation and the importance of exercising the Fund's voting rights. In determining if and how the voting rights should be exercised, the following factors should be considered:

- the percentage of the share capital held of the issuer;
- the size of the position in the portfolio;
- the country in which the issuer has its registered office;
- the strategy behind the decision to invest in that particular stock (buy and hold vs short term trading);
- the administrative costs or any other related costs.

When exercising the voting rights, the Company shall, as a general principle, always vote for:

- an effective corporate governance plan;
- fair treatment of shareholders;
- transparency and integrity of financial statements;
- the responsibility, competence and performance of the Board;
- the independence of the external auditor.

Voting rights are exercised in the exclusive interest of the investors in the Funds.

The Company will not use voting advisors.

4. Conflicts of interests

The Company shall always act in the best interest of its investors and consequently avoid any conflicts of interest. This applies to the Company's board, the management and the employees, including independent contractors and consultants. To prevent conflicts of interest, all actions shall be taken with the purpose to be in the best interest of the Funds and the investors in the Funds, and shall be taken independently in relation to the interests of Söderberg & Partners, the employees, the board members etc. To ensure this, the Company has adopted several organisational and administrative procedures.

The Company shall prevent or manage any conflicts of interest arising from the exercise of voting rights as follows:

- The Company has adopted a policy for personal transactions.
- Should a conflict of interest arise in relation to engagement activities, especially with entities within Söderberg & Partners, the portfolio manager shall immediately inform the conducting officer of the Company responsible for the risk management. It is for that conducting officer to make the final voting decision, including when the Company should be considered prevented from voting. The board of the Company shall be informed of voting decisions when a conflict of interest has been documented.

- The Company shall disclose information on conflicts of interests in relation to engagement activities, including information on how the issue was resolved.
- The Company shall keep records of its voting and the votes cast by the Company.

5. Collaborative initiatives

In order to achieve greater results as engaged shareholder the Company may cooperate with other shareholders and organisations when such actions are deemed appropriate. Collaboration with other investors must always be in compliance with the law and regulations applicable for the Company and shall always be in compliance with the Policy.

6. Monitoring actions

As an active and engaged shareholder the Company shall monitor the underlying investments. The primary monitoring measures for the Company are to maintain a constructive dialogue with the Investee companies, to stay informed through third-party analysis and to gather market information. The Company shall also stay informed on relevant issues in the Investee companies, for example the agendas of the general meetings.

7. Review and screening of companies and portfolio companies with shares listed on a regulated market

ESG factors are part of the Company's investment analysis. The Company expects Investee companies to be transparent in relation to ESG related risks and opportunities. In the analysis of ESG factors the Company is assisted by the ESG-team of Söderberg & Partners Securities AB. The Company screens the investments of the Funds twice a year. The primary focus areas of the screening are;

- The Investee companies' adherence to global norms and conventions relating to the environment, human rights, corruption and working conditions.
- Investments made in sectors or products that are considered controversial according to the Policy for Responsible investments.

8. Insider information

The Company shall contribute to good corporate governance in the Investee companies. This work includes the encouragement to all related companies to adopt policies and routines to handle insider information.

In relation to the investments of the Funds, the Company shall always avoid taking part of information that may affect prices in the market and/or that is not generally known or public. In the event that the responsible portfolio manager is given access to insider information he/she shall immediately inform the conducting officer responsible for risk management, who will then decide on any further steps of action.

In order for the Company to avoid access to insider information which could affect the investments for the Funds, the employees of the Company are not entitled to accept board positions in Investee companies.

9. Securities lending

As securities lending might cause controversy in the area of shareholder engagement, the Company does not engage in or use securities lending or borrowing, repurchase agreement transactions, reverse repurchase agreement transactions, sell/buy-back transactions or total return swaps.

10. Engagement escalation

The Company aims to be engaged in the most efficient and appropriate way for each individual investment. In case the result of the Company's ESG monitoring indicates that there is need for improvement or there are signs of corporate governance misbehaviour in one of the Investee companies, the Company shall take the measures deemed necessary. The first step is to initiate a constructive dialogue with the relevant company. Should the company not respond in an adequate manner or undertake necessary changes, other measures should be considered, like the exercise of shareholder rights or, ultimately, ending the investment.

11. Responsibility

The conducting officers of the Company are responsible for matters related to shareholding engagement and ownership.