

# Policy and Principles for shareholders' participation

## 1 Background

Movestic Kapitalförvaltning AB, Corp. ID 556760-8780 (hereafter referred to as the "Company") is a Fund Management Company authorised according to the European Council Directive 2009/65/EC, as implemented in Sweden through the law on undertakings for collective investments in transferable securities (UCITS) (*Lag (2004:46) om värdepappersfonder*). The Company is domiciled at Birger Jarlsgatan 57B, S-103 99 STOCKHOLM, Sweden. It is a wholly owned subsidiary of Movestic Livförsäkring AB ("Movestic Liv") domiciled in Sweden. The Company serves as Management Company for a number of investment funds under the brand name "Movestic" (hereafter the "Funds") in Sweden. The Company is under the supervision of the Swedish Financial Supervisory Authority ("Finansinspektionen").

The purpose of the Company is the management of Sweden and, if applicable, foreign domiciled undertakings for collective investments in transferable securities (UCITS) which are authorised in accordance with the European Council Directive 2009/65/EC. The Company may as well delegate portfolio management services to third parties under its responsibility.

## 2 Purpose

The purpose of this policy is, against the background above, to define the principles and strategies for the Company in order to determine when and how shareholder voting rights pertaining to companies held in the Funds (the Portfolio Companies) are to be exercised.

According to Chapter 2, § 17 h of the Swedish UCITS Act (2004: 46), the Company shall furthermore adopt principles for its shareholder engagement regarding shares that are admitted to trading on a regulated market and which have been issued by a company within the EEA. The principles should describe how the Company:

- (i) monitors relevant issues regarding Companies that the Company invests in (Portfolio Companies), including corporate strategy, financial and non-financial performance and risks, capital structure, social and environmental impacts and corporate governance;
- (ii) converse with representatives of Portfolio Companies,
- (iii) exercise voting rights and other rights attached to the shareholding;
- (iv) cooperate with other shareholders,
- (v) communicates with relevant stakeholders in Portfolio Companies, and
- (vi) handle actual and potential conflicts of interest.

### 3 Application and Scope

This policy applies to all funds for which the Company acts as Management Company. The Company invests to a large extent in financial instruments to which no voting rights are attached, i.e. investment funds and exchange traded funds. This policy therefore is only applicable on the portfolios where the Company invests in financial instrument with voting rights attached.

The Company may delegate investment management services to third parties. In case of such delegation, the Company remains fully responsible for the overall investment management function, and shall ensure that proper arrangements to act in the best interest of the investors as well as the proper execution of voting rights are in place.

When the Company delegates Investment Management services, the service provider will be required to have its own policy for the execution of voting rights and investor rights whose standards are at least equivalent to the standards described in this policy, or, the service provider may elect to implement and follow the policy of the Company, as amended from time to time. Furthermore, in case of a delegation to a third party, the contractual relationship between the service provider and the Company shall provide for a proper monitoring of the execution of voting rights and investor protection at the level of the service provider is ensured at all times.

Should a delegate investment manager not dispose of an own voting rights policy or should the Company consider that the voting rights policy of the delegate investment manager should, in full or in part, not be compliant with the voting rights policy of the Company, the Investment manager will be required to follow the voting rights policy of the Company for the funds under management delegated.

The Company shall contractually enforce the delegate Investment Managers responsibility to monitor corporate events for the Portfolio Companies invested into.

### 4 Monitoring of relevant corporate events

The monitoring of corporate events is organized in different ways depending on the role of the Company. Two different situations can be discerned regarding the monitoring of corporate events as described below.

#### 4.1 The Company acts as Management Company and Investment Manager

In case the Company acts as Management Company and retains the function of investment manager itself, the reporting of corporate events is delegated to the Custodian Bank. The delegated services to collect and report on corporate events falling due shall be documented in Legal Agreements and Service Level Agreements between the Company and a delegate Custodian Bank. The Custodian Bank reports on corporate events to the Company and the Company and the Company decides in its discretion what action to take.

#### 4.2 The Company delegates Investment Management services to a third party

When the Company delegates investment management services to a third party, the Company is responsible for the setup of the reporting of corporate events from the Custodian Bank to the

Investment Manager. The Company delegates the entire investment management process to a third party investment manager and does not retain any part of the work processes. The monitoring of the reports regarding corporate events is performed by the delegate, the responsibility for the entire investment management service, including monitoring and exercise of voting rights, however remaining fully with the Company.

## 5 Guidelines regarding the exercise of voting rights and investor protection

Directive 2017/828 from the European Parliament and the Council extends the duties for a management company regarding the encouragement of long-term shareholder engagement. To the extent the Company invests in shares and financial instruments to which voting rights are attached and can be exercised, the Company shall apply the following principles for the exercise of voting rights:

- **Transparency:** The Company shall develop routines for regular communication and transparency towards the investors in the funds, regarding how voting rights have been exercised, the Company's objectives and strategies aligning long term objectives for shareholders and investors with the Company's voting behaviour and exercise of voting rights
- **Conflicts of interest:** The Company shall develop routines for handling any potential conflict of interest when exercising voting rights and communicate such conflict of interest to its investors
- **Decision making:** The Company shall develop strategies and procedures for its decision making regarding exercise of voting rights and communicate to its investors how the decision making and its strategies contribute to the long term objectives of the fund as described in the fund regulations
- **Treatment of investors:** When the Company exercises voting rights from several portfolios and aggregate them, the Company shall develop strategies to ensure the fair and equal treatment of investors
- **Voting advisors:** The Company shall be open and communicate towards its investors any use of voting advisors
- **Remuneration:** The Company shall communicate with its investors how it has voted and acted in topics related to remuneration when having exercised voting rights

If an investment fund has transferred the Voting Rights to a Management Company, the Management Company shall be the Appointed Voter and shall be the entity ultimately responsible for the notification of major holdings. The Management Company is, in such a situation, obliged to aggregate the relevant Voting Rights, irrespective of whether the portfolios are in different sub-funds of one single investment fund or in different investment funds.

Where voting rights are contractually retransferred to one or more investment managers and as long as such investment managers are free to exercise the Voting Rights at their discretion, independently of the management Company in question (meaning, effectively, that such Investment Managers become "Appointed Voters" of the rights pertaining to the holdings in the funds they manage) the Management Company delegating the Investment Management services will be exempt from having to aggregate such Voting Rights. In such case, it is the Appointed Voter who is ultimately required to make a notification if the percentage of Voting Rights which they hold or which have been assigned to them. The Appointed Voter will also be responsible for

calculating the “equivalent economic interest” according to Commission delegated regulation (EU) no 2015/761.

### 5.1 Aggregation of voting rights

The Company therefore applies the following principles for the aggregation of voting rights:

1. When the Company acts as Management Company and retains the investment management function, the Voting Rights pertaining to the Portfolio Companies are aggregated for all funds under management as long as the exercise of voting rights is retained with the Company.
2. When the Company acts as Management Company and delegates the investment management function to a third party investment manager or a company within the Movestic Group, the Voting Rights are contractually re-transferred to one or more investment managers and such investment managers are free to exercise the Voting Rights at their discretion, independently of the Company. Such delegate investment managers become “Appointed Voters”. The Company will not aggregate the voting rights for such portfolios.

### 5.2 Principles for the exercise of voting rights

When the Company exercises its own identified Voting Rights the following principles shall apply:

- Proportionality. The Company takes into account the broadest meaning of “client best interest” which implies that there may be situations when voting would not be in the best interest of the Funds and its investors, or where voting would trigger disproportionate costs or other economic drawdowns when compared to the expected benefits. Therefore, when deciding whether to vote on a corporate event or not, the Company will apply a proportionate approach with regards to the percentage of ownership in the relevant Portfolio Company. Voting Rights will therefore not be exercised when the aggregate equity position comprises less than 1 % of the voting rights of the respective portfolio company. Further, the Company will not exercise any Voting Right which is linked to equity positions whose performance does not have any economic impact on the Fund’s performance (an example for such a position is an equity position whose performance is exchanged against the performance of another asset under a swap agreement).
- Best Practice. When voting rights are to be exercised, the Company takes into account guidelines for best practice, for example guidelines from the Swedish Fund Management Companies Association (Fondbolagens Förening). Such guidelines are applied as implemented and are updated from time to time.
- Participation. The Company strives to execute its voting strategy in a responsible way towards the Funds, but shall not participate in the management of the Portfolio Companies. The Company will merely use its voice as a shareholder to promote the principles it stands for. Neither employees of the Company, nor any employees or directors at service providers appointed by the Company shall be Board Members, Managers or Employees of the Portfolio Companies.
- Alignment with investment objectives. The Company shall, for each Corporate Event, perform an analysis of the Corporate Event and its significance and alignment with the investment policy and objectives of the relevant UCITS. When voting, the Company or any delegate of the Company shall act exclusively in the best interest of the relevant fund and shall assure that the voting complies with the relevant Fund’s investment objectives and

policies. Any voting activity shall be decided on a case-by-case basis, after carefully assessing all the economic implications attached to it.

- Economic interest of the fund. The Company shall, for each Corporate Event, promote sound corporate governance principles, which shall be aligned with the long term economic interests of the Fund in question.

### 5.3 Principles for information to be notified with respect to major holdings

If an investment fund has transferred the Voting Rights to a management company, the management company shall be the Appointed Voter and shall be the entity ultimately responsible for the notification of major holdings. The Management Company is then obliged to aggregate the relevant Voting Rights and holding related thereto, irrespective of whether the portfolios are in different sub-funds of one single investment fund or in different investment funds.

The Company therefore applies the following principles for the reporting duties:

- The Company acts as Management Company for funds under management and Voting Rights are retained or have been transferred to the Management Company: In such case the Voting Rights pertaining to the Portfolio Companies are aggregated for all funds under management and the Company performs all the reporting for the Portfolio Companies.

## 6 Conflicts of interest

### 6.1 Identification of conflicts of interest relating to the exercise of voting rights

- The Company acts as Management Company for funds under management and does not delegate the Investment Management to a third party: In such case the Investment Management function of the Company is responsible for the receipt and monitoring of Corporate Events. For each Corporate Event, it is the responsibility of the assigned Investment Manager to perform an initial analysis of the potential conflicts of interest for the exercise of Voting Rights. The Company monitors and manages any identified conflict of interest in accordance with its dedicated Conflict of Interest Policy.
- The Company acts as Management Company but delegates the investment management to a third party: In such case it is the responsibility of the delegate Investment Manager to monitor any Corporate Event and identify any potential conflict of interest. Such conflict of interest which the third party manager identifies shall be identified, documented and reported at the level of the Investment Manager and handled within the organisation responsible for carrying out the vote. The duty to perform identification, monitoring, reporting and recording of conflicts of interest shall be contractually enforced by the Company in the Investment Management agreement with the delegate.

## 6.2 Reporting and escalation of conflicts of interest relating to the exercise of voting rights

Should a potential or confirmed conflict of interest be identified, the following principles shall apply additionally to the general procedures outlined in the Conflict of Interest Policy:

- Any identified conflict of interest which occurs at the Company shall be reported to the Compliance Function of the Company. The Compliance Function of the Company shall analyze the potential conflict of interest and decide if the exercise of Voting Rights is to be undertaken or not.
- No exercise of any Voting Right with a potential conflict of interest related to it can be exercised without the permission of the Compliance Function of the Company.

In case further escalation is needed, the Compliance Function escalates further to the Board of Directors of the Company.

## 7 The Company's principles for shareholder engagement

In exceptional cases, the Company may decide to deviate from the above stated principles (see section 2), provided that the Company's CEO considers it to be in the interests of the unit holders. The company deals solely with the mutual interest of the unit holders. The goal of the management is to achieve the highest possible return, taking into account the funds' investment focus and risk. Against this background, and the nature of the funds, the Company will not take on an ownership role or participate in election committees or board work.

- (i) The Company monitors relevant issues regarding the respective Portfolio Company by consulting available information in news feeds, annual and interim reports, press releases and other channels relevant to each company (including information on the companies' strategy, financial and non-financial results and risks, capital structure, social and environmental impact and corporate governance).
- (ii) As a starting point, the Company does not conduct dialogues with representatives of Portfolio Companies.
- (iii) As a starting point, the Company does not exercise any voting rights or other rights attached to the shareholding.
- (iv) As a starting point, the Company does not cooperate with other shareholders.
- (v) The company does not communicate with other stakeholders in Portfolio Companies.
- (vi) The Company manages actual and potential conflicts of interest in accordance with the Company's established Policy on conflicts of interest.