Contact
Karine Hirn
Phone
+852 2669 6205

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Applicable from 4 March 2021

Active Ownership Policy – Engagement and Voting

1 Background

The Active Ownership policy is meant to guide all strategies managed by companies in the East Capital Group ("East Capital Group"), including public equity funds, mandates, real estate funds as well as special fund products. The policy specifies how we shall act when exercising the ownership rights in the companies held by these strategies on behalf of our clients, the investors. Additionally, the policy describes how we integrate shareholder engagement in our investment processes, as well as how we exercise voting rights.

2 Overall aim

East Capital Group's overarching goal is to create long-term superior risk-adjusted investment returns in the funds and portfolios that we manage. In our role as owners, the overriding principle is to act in the best interest of our investors.

3 East Capital Group as owner

East Capital Group includes several fund management brands, which investment strategies have characteristics that define our role as owners:

- **We are long-term.** We see beyond the short-term gain and look for long-term investment value
- **We are active.** Dialogue with companies helps us make better-informed investment decisions and we constructively engage on issues that are important to us as owners
- **We are responsible.** Our research process addresses and integrates investment risks and opportunities associated with relevant and material environmental, social and corporate governance factors

4 What we stand for

We consider good corporate governance as well as environmentally and socially responsible behavior as essential in managing a company with the aim of maximizing long-term shareholder value.

We are signatories to the United Nations Principles of Responsible Investment (PRI) and we agree with internationally recognized norms, conventions and standards such as those set out in the United Nations Global Compact and the OECD Principles for Corporate Governance and Multinational Enterprises.

5 Investing in what makes sense for the long term

Our investment philosophy is based on a belief that companies with long-term and sustainable growth prospects outperform. Conversely, we do not invest in certain sectors such as tobacco, weapons, gambling and pornography (and other sectors in certain strategies) as we do not believe they offer our clients attractive prospects of long-term returns. The obvious negative social or environmental impact of these sectors, and the significant costs they generate for society, have convinced us that they do not make for appealing long-term investments.

6 Issues we address as owners

6.1 Equitable treatment of all shareholders

Companies' corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders.

6.2 Compliance with international conventions and norms

We expect companies to conduct business in a manner which is in line with well-established and generally agreed international conventions and norms, such as the UN Global Compact's ten principles on human rights, labor standards, environment and anti-corruption, based on the prerequisite that companies have a responsibility to comply with these norms even if they are not legally bound to. Where such a breach is confirmed, we either initiate a dialogue with the company or exclude it from the funds' universe. We do not invest in companies with severe or systematic ESG controversies where active shareholder engagement is deemed to have limited effect.

6.3 Insider trading

We firmly believe that clear insider trading policies contribute to good corporate governance and to enhance investor confidence. We therefore encourage listed portfolio companies to adopt appropriate policies and routines that are consistent with rules and best practice on established and mature financial markets.

6.4 Conflicts of interest

East Capital Group has adopted guidelines and instructions with the objective to identify and handle actual and potential conflicts of interest.

Members of boards and key executives in portfolio companies should be required to disclose to the board of directors whether they, directly or indirectly, have material interest in any transaction or matter directly affecting the company.

All situations representing conflicts of interests shall be handled in accordance with the Conflicts of interest policy, the Voting Guidelines and any other internal Policy or instruction related to the handling of such conflicts.

6.5 Board of Directors

Regardless if a portfolio company is listed or unlisted, we encourage companies to appoint a board of directors that represents an appropriate and diverse range of competencies and backgrounds to enable it to effectively carry out its duties. Board members should be selected based on skill, integrity and the ability to devote a sufficient amount of time to its work. Companies should explain and justify board nominations to the shareholders. Nomination and/or Governance Committees should ensure that boards are inclusive of a diversity of perspectives, including through gender diversity.

We also strive to influence companies to ensure that an appropriate ratio of the board of directors/supervisory board is independent in relation to the company and its executive management. The essence of independence is that directors should have a proven ability to exercise objective judgment in making decisions that are in the best interests of all shareholders. Independence is to be determined by a general assessment of factors that could influence the individual's independence in relation to the company or its executive management.

East Capital Group's employees shall generally not hold board positions in listed portfolio companies. The work of the board regularly provides access to insider information which would prohibit us from freely buying and selling the company's shares which could accrue to the disadvantage of our clients. Any board position held by an East Capital Group's representative must be evaluated and validated on a case-by-case basis and must comply with relevant laws, regulations and guidelines such as, e.g., black-out periods. Under no circumstances shall our interests prevail over our clients' interests, if any conflicts of interest arise.

Given our own limitations to holding board positions in listed companies, we prefer to actively nominate or endorse independent directors that are not employees of the East Capital Group. In the event that we are asked to participate in the nominating process, our approach is to identify board members with high integrity and the kind of abilities that will contribute to promoting the company's growth and development. We expect board members to work in support of good corporate governance and in the best interest of all shareholders.

6.6 Shareholders' meetings

The majority of the companies in which we invest are limited liability companies, where the ultimate decision-making body is the shareholders' meeting. The resolutions passed by shareholders' meetings are important to the company's ability to grow, develop and thereby generate profits for its shareholders. We also believe that there are certain issues, such as incentive programmes, that should be approved by a shareholders' meeting even when it is not required by local legislation or general market principles.

Good meeting practices

Given the importance of shareholders' meetings in the general governance of any company, we advocate good meeting practices. These include publishing the meeting notice in ample time before the meeting as well as making complete proposals and materials for each of the items to be considered at the meeting available to all shareholders as far in advance of the meeting as possible. Good meeting practice also includes making minutes from the meetings available to shareholders.

6.7 Management

Management quality is a key feature of good corporate governance standards. Boards should seek to align the interests of management with the interests of shareholders through compensation arrangements which are linked to long term company goals' achievement (including sustainability, social and environmental objectives) and are suitable to attract, retain and motivate management teams. Risks for conflicts of interests and related parties' transactions are critically assessed. Furthermore, we consider strategy, financial and non-financial performance and risk as priority topics in our assessment, monitoring and engagement work with management and boards.

6.8 Capital issues

Shareholders should have the ability to participate in or influence the fundamental decisions that affect long term corporate viability. As such we would support a company's request for limited increase in authorized shares if it is justified by a sound business reason which is clearly disclosed. We monitor capital expenditure programs and encourage companies to have appropriate and transparent levels. We also encourage companies to have a clearly disclosed, adequate and diligently implemented dividend policy.

6.9 Communication and disclosure practices

All shareholders should be notified timely, accurately and equally on material matters regarding the company, including the financial situation, performance, ownership and governance of the company.

We place value in investor relations that are responsive, informed and professional. This includes providing all corporate communication channels in English or other major language and offering shareholders sufficient access to management and other relevant company representatives in a timely manner.

6.10 Reporting and auditing

An annual audit should be conducted by an independent, competent and qualified auditor. We encourage companies to adopt IFRS reporting standards. External auditors shall be qualified and competent and avoid any actual or appearance of conflict of interest or undue influence of management. We object to appointment of audit firms whose tenure is excessive (more than 7-10 years) or not disclosed.

We encourage portfolio companies to report on material, environmental and social risks and opportunities and how these might impact the business. Strategies for managing these risks and opportunities should also be communicated. To facilitate comparison between companies, and to be able to track development over time, we encourage companies to adopt well-known sustainability reporting frameworks and to also participate in global disclosure initiatives, such as the CDP and TCFD.

We also encourage portfolio companies to integrate – when relevant to their strategies – the UN Sustainable Development Goals and report on their efforts to contribute to the Agenda 2030 for Sustainable Development.

6.11 Environmental risks and opportunities

We expect the management teams and boards of our portfolio companies to identify and assess how their business affects and is affected by longer term global environmental challenges, such as climate change related to physical- and transition risk, water and resource scarcity, biodiversity loss and the potential implications on the company's operations and long-term strategy. Disclosure and management of this impact in line with the TCFD recommendations is strongly encouraged, specifically in companies operating in sectors which are large GHG emitters. We also encourage companies to understand how they potentially can contribute to providing solutions to these challenges.

We use company meetings and visits, as well as dialogue with management and board directors to raise and discuss environmental risks and opportunities that are relevant to the company and its sector.

6.12 Social risks and opportunities

We promote sound labor and human rights practices and expect all portfolio companies to provide adequate solutions for human health and safety in their operations. We also expect companies to address these issues in their supply chain through a comprehensive, transparent and responsible supply chain management program.

We use company meetings and visits, as well as dialogue with management and board directors to raise and discuss social risks and opportunities that are relevant to the company and its sector.

6.13 Unethical business practices

We believe that unethical business practices often go along with poor corporate governance and short-termism, making these companies less attractive investments. As owners, we expect portfolio companies to have a zero-tolerance statement against unethical or illegal business practices, including bribery, corruption and aggressive tax evasion, supported by a publicly explained system and process, including whistleblowing function.

We use company meetings and visits, as well as dialogue with management and board directors to raise and discuss unethical business practices.

7 Engaging with portfolio companies

When we have identified relevant areas of improvement on specific ESG issues or if we believe that a portfolio company has not met our expectations as owners, we will evaluate if it is suitable for us as investors to initiate an engagement process where we seek to encourage and influence the company to make necessary improvements.

We aim to be constructive and supportive in our dialogue with the companies. Our experience has shown that engaging with the company, either directly or collectively with other owners, usually generates greater positive effects as opposed to immediately exiting our investment. If the company does not respond in an adequate manner or undertake the necessary changes, however, we may ultimately decide to divest our holding in the company.

Engagement activities are communicated in relevant forums where applicable and in client due diligence requests in particular.

Engagement with companies on climate change issues is guided by East Capital Group Climate Change Position.

8 Proxy voting

Exercising our voting rights at shareholders' meetings is one important way for us to communicate our views to companies and their management. However, given that our portfolios often are highly diversified comprising mainly minority stakes in a large number of markets, we only selectively participate directly in the shareholders' meetings. More often, we vote by proxy or issue a power of attorney and voting instructions to someone who can represent us at the meeting.

When exercising our voting rights, we shall act in the interests of the investors, i.e., support the proposals that we deem benefit the investors the most, and will be guided by East Capital Group's Voting Guidelines.

We receive proxy related materials such as notices, agendas and proxy ballots from a range of sources including the issuer, custodians, brokers and other shareholders. We may also use an external proxy voting company that supplies such information as well as executes our voting instructions and keeps record of our voting activity.

In determining whether and how the voting rights related to a meeting shall be exercised, members of the investment team will consider all available information related to the meeting as well as our analysis of the specific company. The team will reach their voting decisions independently and will not delegate decision making to any third party, although they may take third party recommendations into consideration. We may also consult with analysts, brokers, lawyers, other shareholders or other relevant parties in order to reach more informed decisions.

There may be situations in which we are unable to exercise the voting rights or may choose not to exercise the voting rights. This includes, but is not limited to, situations where the notice, ballot or meeting materials are not received at all or in ample time; where the costs and practicalities of voting are determined to be disproportionate to the benefits of voting (for example due to significant legal requirements or the size of the holding being limited); where we are required, but practically unable, to appear in person at the meeting; where exercising the voting rights would result in the imposition of trading or other ownership restrictions which are seen as unbeneficial to the clients; where proxy voting is not offered by the custodian in that particular market or where proxy voting for other reasons is not deemed to be in the best interest of the clients.

Voting decisions, and their justifications, are documented internally. Voting activities are reported to monthly investment committee meetings, quarterly board meetings and in the annual sustainable investment report and annual PRI report.

Securities lending process
In the securities lending process, we can choose which counterparties we lend assets to and thus, assess the borrower's adherence to practices including ESG practices. Assets from the borrowers are recalled ten days ahead of the voting deadline.

9 Methods of influence

We apply a range of methods to address ESG issues in our portfolio companies:

1. Face-to-face discussions with managements and boards in company visits
2. Letters addressed to the management of our portfolio companies, highlighting key issues of concern including explicit requests for additional information
3. Annual "CIO to CEO Letter" and "Letter from your new shareholder" upon addition to portfolios (East Capital only)
4. Nomination or endorsement of independent board members
5. Voting in shareholders' meetings

6. Dialogue with companies in conjunction with shareholders' meetings
7. Collaboration with other shareholders and investor-led initiatives
8. Dialogue with governments, stock exchanges and financial surveillance authorities to advocate improvements in the institutional framework with the purpose of promoting more well-functioning and transparent capital markets
9. Providing our clients with various forums for interaction with local portfolio companies

10 Engaging with stakeholders

We strive to maintain active relationships with relevant stakeholders such as market institutions, stock exchanges, NGOs, governmental and public bodies that may be helpful for keeping up to date with local legislation and market practice for improving the institutional framework Engagement with stakeholders are logged and documented to quarterly board meetings and in annual reporting.

We also support different forums and initiatives for promotion of good market practice, corporate governance, other responsible practices and other relevant topics that may be in the joint interest of our investors.

East Capital Group is a signatory of the United Nations Principles of Responsible Investment (PRI) and various other local and global associations and initiatives.

11 Contact for ownership and engagement related issues

The East Capital Group's contact for these issues is the Chief Sustainability Officer.

12 Responsibility

Responsible for implementation of this policy: CEO of East Capital Holding
Responsible for implementation control: Chief Sustainability Officer
Responsible for annual review: Board of Directors of East Capital Holding AB

13 Regulatory and legal requirements

The adoption of an ownership policy is recommended by the Swedish Investment Fund Association.

Relevant legal regulations:

i. Article 3g (1) of Directive 2007/36 of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies

14 Distribution

Internal and external distribution. The Active Ownership policy shall be available on our websites. Our annual reports shall contain a reference to where the policy can be found.