

Policy for Shareholder Engagement



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1 Introduction

According to 2 kap. 17 h § lagen (2004:46) om värdepappersfonder ("LVF",), Ruth Asset Management AB (the "Company") shall adopt principles for shareholder engagement and establish internal rules setting out the strategies to be followed by the Company in determining when and how to use the voting rights attached to the financial instruments included in each investment fund.

This document has been adopted by the Company's Board of Directors in order to ensure that the Company complies with applicable regulatory requirements regarding shareholder engagement.

The Company is part of the Max Matthiessen Group and is 100 % owned by MM Holding AB. Sustainability is a fundamental and guiding principle for all activities within Max Matthiessen. Max Matthiessen's overall sustainability strategy, objectives and sustainability policy govern the sustainability work of all subsidiaries within the group.

2 Purpose

As a fund company, Ruth Asset Management AB represents the fund unit holders in all matters relating to the managed funds, which means, among other things, that the Company represents the fund unit holders in ownership issues. The Company represents the fund unit holders in ownership issues with the aim of creating a good return for the fund unit holders while promoting sustainable development. The Company promotes sustainable development in asset management primarily by integrating sustainability risks and factors into investment and decision-making processes, and by using tools for corporate governance and influence.

The Company's Policy for shareholder engagement provides guidance on how the Company will contribute to the good performance of portfolio companies and add value as an owner, within the framework of its commitment to responsible investment and responsible ownership.

The Company exercises its ownership rights with the aim of maximizing the value of its holdings over the long term. The objective of the management is to achieve the highest possible return, taking into account the fund's investment policy and risk.

3 Division of responsibilities

The Board of Directors is responsible for deciding on the Company's shareholder engagement framework.

The CEO is policy owner and is responsible for creating internal procedures and processes to implement the agreed framework and allocate the necessary resources. As policy owner, the CEO is also responsible for ensuring that the company publishes the information on the Company's policy and application of the principles for shareholder engagement.

The compliance function is responsible for regularly monitoring, at the second line, the implementation of the policy based on the established framework and reporting the results to the Board.

The conduct of company dialogues is carried out by the fund managers and/or the sustainability officer.

4 Background

The fund managers and ownership manager continuously monitor relevant corporate events in the companies in which the funds have direct ownership. This monitoring is carried out through relevant market channels and direct contacts with respective companies. In the ongoing management of the funds, the companies' strategy, financial and non-financial results and risks, capital structure, social and environmental impact and corporate governance are monitored. Sustainability factors and sustainability risks are assessed in the same way as operational and financial factors in the analysis, as the company believes that companies that operate responsible and sustainable will perform better over



time. The company continuously monitors and analyzes the development of the portfolio companies in which it has invested, through published financial information, external analysis, relevant market channels and direct contact with the companies. The companies are monitored by the management organization and by other staff in the company who work with sustainability issues.

Within equities, ownership rights are divided into two types of activities: 1) company dialogue, and 2) voting at shareholders' meetings.

- **Company dialogue** is any type of two-way interaction between investors and companies and stakeholders. It can take place both in verbal and written form. The dialogue can be on specific or general themes of ESG issues and ESG reporting. A company dialogue can take place individually or together with other investors.
- **Voting at general meetings** Exercising your right to vote at general meetings is about using your right as an owner to participate and influence the company's highest decision-making body.

Company dialogue and voting at general meetings is an effective way of influencing companies to improve their processes, operations and behavior in general. As an active shareholder, the Company sees the following benefits from a long-term and constructive dialogue with companies, bilaterally or together with other investors:

- It creates an exchange of information between fund managers and companies, providing a deeper knowledge of them.
- A joint dialogue with the companies and several investors can create a deeper knowledge of individual themes. It also generates a greater impact when several investors join forces.

Active ownership is thus an important part of the Company's management that contributes to better company selection, while a long-term clear dialogue is an effective way to minimize company-specific risk. The Company's Policy for shareholder engagement is mainly exercised on holdings in shares admitted to trading on a regulated market within the European Economic Area (EEA). When the company exercise an active ownership role in other companies, i.e. companies whose shares are not admitted to trading on a regulated market and or companies whose shares are admitted to trading in a market outside the EEA, these principles are followed to the extent possible.

5 General principles

5.1 Extent

The Company's Policy for shareholder engagement applies to all investments in which the company is directly or indirectly invested. For investments through shares, this includes shares not admitted to trading on a regulated market and shares admitted to trading on a market outside the EEA. Furthermore, debt securities issued by a government, company or municipality are also included.

The Company shall promote dialogue with representatives of the portfolio companies on issues that the Company considers to be priorities. Ownership is exercised through the exercise of voting rights and dialog with the board, management and representatives of the portfolio companies. The Company also strives to communicate with relevant stakeholders in the portfolio companies when deemed necessary in the interests of the fund unit holders. To the greatest extent possible, the Company also applies the policy to indirect holdings, such as fund investments, or in the case of outsourced management where the Company's partners are responsible for management. Below is a brief description of how the dialog may differ between different investments and assets.

- Equity – Direct company dialogue with management in meetings, letters, emails and at general meetings.
- Fixed Income – Direct company dialogue with management in meetings, letters and emails.
- External funds/delegated management – Direct dialogue with the fund management team or the management of the fund company.

The Company has the opportunity to engage in a dialogue with all portfolio companies, but the focus is on those investments where the company is significant owner in order to be able to influence as much as possible.



5.2 Goals

The Company's objective in exercising its responsibility as a shareholder representative is primarily to safeguard the common interest of fund unit holders and to generate a long-term and sustainable return for fund unit holders. The Company also communicates its position on various ESG issues that are in line with the management strategy and the sustainability ambition of the respective fund, but also generally promotes responsible, efficient and more sustainable companies.

5.3 Organization and resources

The Company's responsible fund managers together with the Sustainability Officer conduct dialogues and exercise voting rights in the companies. The Company uses external providers such as Sustainalytics, Bloomberg and Morningstar for support. The Company can also use an external voting advisor to exercise voting rights.

6 Dialogue

6.1 General

The Company works with two types of dialog, proactive and reactive. The proactive part is long-term and focuses on improving the companies' behavior, sustainability work and reporting. The reactive part is carried out regularly to reduce company risk and is initiated after a portfolio company has violated one of the Company's selected norms and conventions or if a certain part of the business is exposed to, in the Company's opinion, vulnerable sector boundaries. Every quarter, a screen of all underlying fund holdings takes place and if a serious violation occurs, a process is initiated. For more information on how the Company works with exclusions, see the company's Policy for Exclusion.

In the proactive dialog, the Company focuses on the topics that have the greatest financial impact on the holdings. The Company's Sustainability Officer together with the management teams steer which themes and topics are in focus as different environmental, social or governance related events or circumstances may have a varying impact on the financial position of the portfolio companies, and by extension on the returns of the relevant fund.

The Company shall, where it is deemed to be in the common interest of the fund unit holders, seek to cooperate with other shareholders in, for example, advocacy work.

6.2 Prioritization

In order to prioritize which companies the Company should engage with, both exposure to selected engagement topics and the size of the holding are analyzed.

The Company also manages funds with different levels of sustainability ambition. In this context, there are different levels of ambition for advocacy. Funds categorized as basic or enhanced level of sustainability primarily apply reactive advocacy via corporate governance activities (such as in the event of a detected controversy). Funds with extended sustainability focus have the ambition to apply both proactive and reactive advocacy via corporate governance activities.

6.3 Methods

The Company considers all types of contact with portfolio companies, where companies have the opportunity to respond, as dialog/engagement. This primarily involves letters, emails, meetings with company representatives, company visits and general meetings.



6.4 Escalation

The Company shall establish procedures for when and how, in order to protect and enhance unitholder value, it escalates and engages with portfolio companies to influence. Engagement varies in nature and the timeframe depends on the dialog, type of incident, size of ownership and type of company (local/global).

In the event that any company fails or is considered insufficient in any matter, the Company may convene a meeting with the management and board of such company to discuss the matter.

If the outcome of the dialog does not meet the company's expectations, the last resort is exclusion. In the event of such exclusion, the company is notified of the decision.

7 Voting

The Company intends to exercise its ownership through voting at general meetings in order to contribute to a positive return in the common interest of the fund unit holders and taking into account the respective fund's focus and objectives according to its fund rules. Voting rights are exercised in accordance with the respective fund's objectives and investment policy, including its stated sustainability ambition. The Company strives to vote primarily at general meetings where the Company has a significant ownership, on significant issues or if the issue concerns one of the Company's selected sustainability themes for corporate engagement. Exceptions to this principle may be made in cases where the Company has a shareholding that is only a negligible part of the outstanding capital.

The Company may use an external proxy advisor.

The Company has developed specific voting guidelines to complement this policy. The guidelines are based on global corporate governance guidelines such as the ICGN Global Corporate Governance Principles and the G20/OECD Principles of Corporate Governance, in addition to local regulations and legislation. More information can be found in the company's voting guidelines.

8 Election Committee

The Company considers that its own board representation can make it more difficult to conduct effective management. For this reason, the Company exercises its shareholder representation without requiring its own board representation. As a general rule, the Company does not participate in nomination committee work. However, in portfolio companies in which the funds are major shareholders or where the Company considers it essential for the funds' returns for other reasons, the Company may participate in the work of the nomination committee. In such cases, the Company works to ensure that the portfolio companies have well-composed boards in terms of competence, diversity and gender balance, and otherwise meet the requirements of the Swedish Corporate Governance Code. The Company also works to ensure that the work of the nomination committee is reported openly and that this work functions effectively.

9 Conflict of interest

The Company acts independently of the companies in which the funds are shareholders. The Company must be governed solely by what is deemed to be in the best long-term interests of the fund unit holders. The fact that ownership influence must be exercised exclusively in the common interest of the fund unit holders means that other interests of the Company or affiliated companies must always give way in the event of any conflicts of interest. Any conflicts of interest that may arise in connection with shareholder involvement are managed in accordance with the Company's Policy for managing conflicts of interest.

10 Insider information

The Company shall avoid putting itself in situations where it may become aware of inside information. If the Company nevertheless becomes aware of inside information as a result of its shareholder involvement, the Company must always comply with applicable regulations against market abuse and internal rules in this area.

11 Share lending

The Company does not participate in transactions or agreements involving share lending. If shares are lent, where the Company intends to exercise shareholder engagement, these must be recalled in good time before voting registration so that the Company can exercise its voting rights.

12 Ownership share

The Company may not acquire for a fund, shares with such voting rights that enable Ruth Asset Management AB to exercise a significant influence over the management of a company. Significant influence normally means a holding of shares with voting rights corresponding to at least ten percent of the votes in the company, but consideration must be given in each individual case to the ownership structure of the company. This limitation applies to the total shareholding of the funds managed by the Company.

13 Availability

The Company's Principles of shareholder engagement shall be made available free of charge on the Company's website. The Company shall report annually on the application of the Principles of shareholder engagement. The report shall include a general description of the Company's voting behavior in its portfolio companies, an explanation of the most important votes and an indication of the matters on which the Company has used the advice or voting recommendations of a proxy advisor. The report must also indicate how the Company has voted at the meetings of the portfolio companies. Votes that are insignificant due to the subject matter or the size of the shareholding need not be disclosed.

The Company may waive one or more of the requirements if it clearly states the reasons for doing so on its website, in accordance with the 'comply or explain' principle.

14 Reporting and documentation

The Company shall report annually on how the shareholder principles have been applied. The report shall be available on the Company's website.

Furthermore, the Company shall provide additional information on the exercise of shareholder engagement as part of the Company's and the funds' sustainability efforts. On the one hand, information shall be provided in the sustainability-related disclosures on the website of each fund that promotes environmental and social characteristics or has sustainable investment as an objective. Secondly, information should be provided at the entity level in the annual statement of the principle adverse impacts on sustainability factors published by the Company on its website.

The Company shall document and keep records of the use of voting rights.

The CEO, or the CEO's nominee, shall report back to the Board of Directors once a year on important decisions taken by the Company at individual annual general meetings. If the Company has not exercised its voting rights and participated in any annual general meeting during the past year, no report to the board need be made.

15 Update and adaption

The Company's Sustainability Officer is responsible for ensuring that the document is regularly updated to take account of conditions within the company. The Sustainability Officer assists the CEO in the responsibility to review and update this policy at least annually, or as needed. The Sustainability Officer shall further review the effectiveness of the procedures resulting from this policy. The policy shall be adopted at least annually, or when necessary, by the Board of Directors.

The Swedish version of the policy was adopted by the Board of Directors of Ruth Asset Management AB on September 26, 2023

Ruth Asset Management. We craft and hand people the power of investment.



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