



Principles of shareholder engagement

Background and purpose

These principles of shareholder engagement apply to the companies of the Coeli Group¹ that engage in asset management in the form of mutual fund management, alternative investment fund management and discretionary portfolio management.

The term "asset management" is used for all asset management activities carried out within the Coeli Group and the term "Coeli" for the companies that carry out the asset management.

Coeli represents all clients and shareholders who use our services or invest in our funds and discretionary portfolios. In all matters related to our asset management and thereby ownership issues, we act exclusively in the interests of our clients. Since shares are an asset class that can be included in our asset management services, Coeli generally has the ability to exercise voting and other rights associated with shareholding on behalf of our clients. Thus, Coeli can have potential influence in a company and thereby influence governance in the direction we believe benefits our clients. Coeli does not vote for shares included in discretionary portfolios, as stated in the engagement agreement.

The purpose of this document is to set out how Coeli, as an asset manager, exercises our shareholder engagement, i.e. how we intend to use the voting rights attached to the shares included in the relevant asset management services. This area should not be confused with corporate governance issues, which deal with the division of roles and responsibilities between owners, the board of directors and management.

Exercise of shareholder engagement

1. Monitoring, dialogue and escalation

Coeli's investment decisions are generally based on company analyses that take into account factors such as the company's business model, market position and development opportunities. The analysis assesses the company's strategy, financial and non-financial performance and risks, capital structure, environmental and sustainability performance, and corporate governance, among other things.

Coeli collects information on the status and planned activities of the companies. With such information, we can assess whether the company is heading in the right direction or whether we believe we need to take action. Information is obtained through company briefings, investor meetings, capital market days, external analysis, and directly from the companies.

In the ongoing monitoring process, the asset manager assesses the risks that may arise from the investment. The outcome may mean that the asset manager considers that the most appropriate action is to engage in a dialogue directly with the company in order to influence the company's direction to change in the way that the asset manager believes is in the best interests of clients.

Coeli considers on a case-by-case basis to increase its shareholder engagement; a so-called escalation procedure, which is done by directly contacting the company on in-depth

¹ Coeli Asset Management AB; Coeli European AB; Coeli Frontier Markets AB; Coeli Global AB; Coeli Investment AB; Coeli Wealth Management AB.



issues and views or by exercising voting rights. If the company's response is not satisfactory, the asset manager may also choose to sell the holding.

Coeli is an independent actor but shall consider cooperating with other shareholders where this is deemed appropriate and in the common interest of the shareholders.

2. The Annual General Meeting

The Annual General Meeting (AGM) is the highest decision-making body of the company, where shareholders have the right to exercise their influence by exercising their voting rights. Coeli shall normally vote at the annual general meetings of companies where the company has significant fund holdings, and otherwise at meetings deemed essential for other reasons. Participation in annual general meetings is exercised in person, or through voting by proxy in accordance with the voting instructions provided by Coeli. Voting rights shall be used solely for the benefit of the fund and shall be used in the manner deemed to be in the common interest of the shareholders. Any shares lent by Coeli will be recalled in good time before the AGM if Coeli is to participate.

3. Board of Directors

Coeli shall exercise its owner governance without the requirement of having its own board representation, in cases where board member position would impede effective management.

4. Nomination committees

Where it is justified or possible based on the volume of shares held to participate in nomination committees, Coeli may decide to participate. Coeli will then work to ensure that each company has a well-composed board in terms of skills, experience, diversity, and gender balance, and will work to ensure that a nomination process is carried out prior to appointment of new members. Coeli shall also make efforts to ensure that proposals for new board members are supported by arguments, and that the principles by which the nomination committee works are made transparent.

Conflicts of interest

Coeli recognizes that potential or actual conflicts of interest may arise as part of our investment teams' shareholder engagement. Coeli has therefore established guidelines to take all reasonable steps to prevent conflicts of interest. If such conflicts cannot be avoided, Coeli will identify, manage and monitor the conflicts and, if necessary, inform the customers about them in order to prevent them from adversely affecting the customers' interests.

Remuneration to senior executives

Coeli's view is that the remuneration of senior executives of portfolio companies should be market-conforming and aimed at promoting long-term sustainable returns for shareholders. Remuneration programs must contain a clear link between performance and requirements and be reported in the annual report. Proposals for remuneration programs must be discussed with the company's major shareholders well in advance of the AGM.

Communication

The principles of shareholder engagement are subject to annual review. A report on how the principles have been applied will be published annually on the Coeli website, www.coeli.se.



Shareholder Engagement Officer

The person responsible for ownership issues is appointed by the CEO of each company. The Shareholder Engagement Officer shall report annually to the Board on the application of the Coeli Shareholder Engagement Principles.