

# Responsible Investment and Ownership Policy

Approved by Board of AS Trigon Asset Management  
Applicable from November 06, 2018

## 1 Purpose and scope

This Responsible Investment and Ownership Policy (“**Policy**”) specifies how AS Trigon Asset Management (“**Trigon**”) shall (i) follow the principles for responsible investment and (ii) act when exercising its ownership rights in the companies Trigon has invested.

The policy applies to all funds managed by Trigon and to all portfolios to whom Trigon renders fund management services (hereinafter referred together as “**Funds**”).

## 2 Trigon`s values

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

Trigon`s overarching goal is to create long-term superior risk-adjusted investment return in the Funds that we manage. In our role as owners, the overriding principle is to act in the best interest of our investors.

## 3 Trigon`s principles as an owner

Trigon`s investment strategy has a number of characteristics that define our role as an owner:

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

## 4 Principles for responsible investing

Fund managers and analysts are responsible for submitting recommendations on the observation or exclusion of companies to the Investment Committee in accordance with the principles stipulated below:

- Serious violations of Human Rights and fundamental Ethical Norms
- Severe Environmental Damage
- Gross Corruption
- Weapons
- Health

The submitted recommendations are discussed and the respective exclusive decisions are to be made by the Investment Committee. The restricted investments are placed on a Trigon`s internal exclusion list. The Committee is responsible for keeping, updating and reviewing the exclusions list.

## 5 Principles in exercising ownership rights

As an owner, Trigon will address issues such as:

### 5.1 Equitable treatment of all shareholders

The company`s corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders.

### 5.2 Compliance with international conventions and norms

Trigon expects 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, labour 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 initiate a dialogue with the company. We do not invest in companies with severe or systematic ESG controversies where active shareholder engagement is deemed to have limited effect, affecting value negatively.

### **5.3 Insider trading**

Trigon firmly believes that clear insider trading policies contribute to good corporate governance and enhancing investor confidence. Trigon therefore encourages the listed portfolio companies to adopt appropriate policies and routines that are consistent with rules and best practice on established and mature financial markets.

### **5.4 Disclosure of 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.

### **5.5 Board of Directors**

Trigon encourages 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 their work. Companies should explain and justify board nominations to the shareholders.

### **5.6 Shareholders' meetings**

The majority of the companies in which Trigon's funds invest are public limited 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.

Exercising our voting rights at shareholders' meetings is one important way for us to communicate our views to the companies and managements. However, given that Trigon often has highly diversified portfolios comprising mainly minority stakes in a large number of foreign 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 Trigon 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 (as further described in Trigon's Policy for exercising voting rights).

### **5.7 Reporting and auditing**

An annual audit should be conducted by an independent, competent and qualified auditor.

We encourage companies to adopt IFRS reporting standards.

Trigon also encourages 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 support global disclosure initiatives.

### **5.8 Environmental risks and opportunities**

We expect the management teams and boards of our portfolio companies to identify and assess how their business is affected by longer term global environmental challenges, such as climate change, water and resource scarcity, and the potential implications on the company's operations and long term strategy. We also encourage companies to understand how they potentially can contribute to providing solutions to these challenges. We use company meetings to raise and discuss environmental risks and opportunities that are relevant to the company and its sector. We include site visits whenever possible which often provide an opportunity to identify and discuss risks related to environmental impact.

### **5.9 Social issues**

We promote sound labour 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.

#### **5.10 Unethical business practices**

We believe that unethical business practices often go along with bad management 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 tax evasion, supported by a publicly explained system and process, including whistleblowing function.

### **6 Engaging with portfolio companies**

If we have identified relevant areas of improvement on specific ESG issues or if we believe that a portfolio company has behaved unacceptably in relation to 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 and the other owners usually generates greater positive effects as opposed to immediately exiting our investment. However, if the company does not respond in an adequate manner or undertake the necessary changes, we may ultimately decide to divest our holding in the company.

### **7 Methods of influence**

At Trigon, we apply a range of methods to address these 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. Voting at shareholders' meetings
4. Collaboration with other shareholders
5. 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

### **8 Engaging with relevant market institutions, governmental and private bodies**

Trigon strives to maintain active relationships with relevant market institutions, governmental and public bodies that may be helpful for keeping up to date with local legislation and market practice for improving the institutional framework. We also support different forums 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.

### **9 Distribution of the policy**

The Ownership policy shall be available on Trigon's website and Trigon's annual report shall contain a reference to where the policy can be found.