

Stewardship policy

Alfred Berg Kapitalforvaltning AS

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INTRODUCTION

At Alfred Berg Kapitalforvaltning (Alfred Berg) / BNP Paribas Asset Management (BNP Paribas AM), we are committed to being a “future maker”, using our investments and our influence with companies and policy-makers to advocate for low-carbon, environmentally sustainable, and inclusive economies.

We are fully aware of our fiduciary duty to exercise our rights and responsibilities with great diligence and thought. Our clients have entrusted us with their assets, and we are dedicated to putting their interests first. This means careful consideration of all relevant financial, environmental, social and governance (ESG) factors throughout the investment process, with the aim of achieving long-term sustainable returns. It also means careful monitoring of our investments and constructive engagement to advance our clients’ long-term best interests.

We use three tools – voting, engagement, and public policy advocacy – to encourage issuers to improve their performance and accountability on sustainability topics, and to urge policy-makers to deliver legislation, regulation and standards that promote sustainable, equitable development.

These activities help us to better manage ESG risks in the near- and long-term, enhance our knowledge and understanding as an investor, and generate positive impact – all of which benefit our clients.

We believe that ESG issues impact the value and reputation of the entities in which we invest, in addition to driving systemic risks and opportunities. We are therefore committed to incorporating ESG factors into all of our investment processes. It is our commitment and duty to use our influence to promote more stable, resilient and well-functioning capital markets and to positively affect the world around us.

In 2006, BNP Paribas AM became a founding signatory of the UN-backed Principles for Responsible Investment (PRI). The PRI’s six principles include a commitment to “be active owners and incorporate ESG issues into our ownership policies and practices” (Principle 2)¹. Since that time, BNPPAM have seen an increasing demand for meaningful stewardship programs from both clients and policymakers, with the financial crisis and climate crisis driving the need for effective responses to increasingly complex sets of systemic risks.

As a Nordic asset management firm and an affiliate of BNP Paribas AM, we endorse the [ICGN Global Stewardship Principles](#), as well as the [EFAMA Stewardship Code](#). We are also subject to the European Shareholder Rights Directive II.

OUR SUSTAINABLE INVESTMENT BELIEFS

Stewardship is an opportunity and an obligation. As long-term investors, we believe that we should use stewardship (which encompasses proxy voting, company engagement and policy advocacy), to influence companies and the world for the better. It is also critical to shaping and maintaining well-functioning markets. We believe that engagement is generally more effective than exclusion – although divestment can be a last resort.

Our Sustainable Investment Beliefs encompass the following principles:

- ESG integration aims to help us achieve better risk-adjusted returns.
- We are long-term, forward looking investors.
- Our Fiduciary Duty is aligned with sustainable investment.
- A sustainable economic future relies on sustainable investment practices.

¹ Possible actions to demonstrate compliance with Principle 2 include the following: Develop and disclose an active ownership policy consistent with the Principles; Exercise voting rights or monitor compliance with voting policy (if outsourced); Develop an engagement capability (either directly or through outsourcing); Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights); File shareholder resolutions consistent with long-term ESG considerations; Engage with companies on ESG issues; Participate in collaborative engagement initiatives; Ask investment managers to undertake and report on ESG-related engagement. See: <https://www.unpri.org/signatories/what-are-the-principles-for-responsible-investment>

- Walking the talk is critical to achieving excellence.

PART I. VOTING

Voting at Annual General Meetings is a key component of the ongoing dialogue with companies in which we invest on behalf of our clients and forms an integral part of Alfred Berg's investment process.

At Alfred Berg, we believe that promoting good corporate governance standards is an essential part of our ownership responsibilities. Corporate governance refers to the system by which a corporation is directed and controlled. It relates to the functioning of the managing board, supervision and control mechanisms, their interrelationships and their relations with stakeholders. Good corporate governance creates the framework that ensures that a corporation is managed in the long-term interest of its stakeholders. Therefore, Alfred Berg expects all corporations in which we invest to comply with high corporate governance standards.

Our voting policy outlines our key governance and proxy voting principles, our proxy voting process and a set of guidelines that address key voting issues relating to: approval of accounts and management reports, financial operations, appointment and remuneration of directors and executives, and other types of resolutions.

More detailed strategies and principles are outlined in our Governance and Voting Policy.

PART II. CORPORATE ENGAGEMENT

We believe that meaningful engagement with issuers can enhance our investment decisions, and better enable us to successfully manage long-term risk for our clients by promoting strong ESG practices and disclosure in the companies in which we invest on their behalf.

Our corporate engagement priorities and strategies are guided by BNP Paribas AM's Global Sustainability Strategy (GSS), which outlines our key firm-wide sustainability priorities.

Our long-term investment horizon places a company's corporate governance arrangements and the quality of its senior management teams at the heart of our investment decisions. Sound governance is critical for the long-term operating and financial performance of a company, and is therefore a centerpiece in our engagement during and outside the voting season. Given our Nordic presence and the geographic scope of our clients' holdings, we endeavor to engage consistently across the region.

Alfred Berg and BNP Paribas AM have several approaches to engagement by doing direct engagement and collaborative engagement:

We maintain an active program of **direct corporate engagement** on a wide range of ESG issues. These engagements are designed to enhance the long-term value of our shareholdings and to foster the implementation of better corporate governance, social, and environmental practices.

Successful engagements are often the result of the development of long-term relationships built on trust and mutual understanding. Every year, we hold a wide range of meetings with issuers to elicit information for investment decision-making and ESG rating. In addition to these due diligence- focused meetings, we also participate in a wide range of meetings with issuers to express a point of view and advocate for a change in policy, practice or disclosure. An overview of our engagement is available in both Alfred Berg's Voting and Engagement reports and BNP Paribas AM's Voting and Engagement section of their Sustainability Report.

BNP Paribas AM collaborate with other long-term investors and key stakeholders can help achieve common aims, particularly with respect to mitigating systemic risks. They have a long-standing commitment to working with other like-minded investors and to participate in investor networks to learn

from our peers and to raise standards. When collective action is likely to enhance our ability to engage with a company, and it is permitted by law and regulation, they will work with other asset managers depending on the issue of concern and the alignment of views among the investor group.

BNP Paribas AM is an active member of formal and informal groups and initiatives internationally that facilitate communication between shareholders and companies on corporate governance and social, ethical and environmental matters. They also engage collectively on matters of public policy. BNP Paribas AM Class Action Policy govern participation in class actions. BNP Paribas AM will participate to passive class action litigation.²

The decision for Alfred Berg/BNP Paribas AM to engage with a company is based on two categories of considerations – topical and practical:

TOPICAL	PRACTICAL
• The urgency and severity of the issue; • The need to clarify or assess a company's performance in an area and/or in relation to our Responsible Business Conduct standards or sector-based policies; • Consistency with BNP Paribas AMs GSS, Alfred Berg's Stewardship Policy and Governance and Voting Policy; • The company's overall ESG performance; • The role the issuer plays in creating or exacerbating the risk to be addressed (e.g., for a climate change engagement, whether the company is a heavy GHG emitter); • The importance of the issue for the company and the industry in which the company operates.	• The size of our holdings; • Reasonable access to the company, directly or via our JVs or Delegated managers; • Our judgment as to the likelihood of success; • Needs identified by BNP Paribas AMs partners in collaborative investor or initiatives coordinated by networks , such as the Climate Action 100+, CERES, AIGCC or IIGCC; and • Our past experience of engagement with the company and the company's degree of responsiveness to the issue.

We undertake three distinct types of engagement: engagement related to corporate governance and voting, thematic engagement, and engagement linked to ESG performance:

Engagement related to corporate governance and voting	Thematic Engagement	Engagement linked to ESG performance
One of our key priorities is to promote good governance practices among the companies we invest in, as part of our ongoing dialogue with them. The objectives vary by company, based on our analysis of their performance on governance issues.	Another priority is engaging with companies on the 3Es: Energy Transition, Environmental Sustainability, and Equality and Inclusive Growth. The objectives are specific to each company, based on its performance on our proprietary ESG score and/or analysis by external initiatives, as well as their exposure to, or impact on, the theme.	Our third key priority is to engage issuers in relation to their ESG performance. The objectives vary: they can be to clarify whether companies are in breach of our RBC policies, to address a poor rating on our ESG scores or be linked to specific events, like green bond issuances.

II.1 ENGAGEMENT LINKED TO VOTING

During the annual general meeting period, we engage in dialogue with companies either on our own initiative or at the request of the issuer, and we generally concentrate on our largest holdings. The goal of such engagements is:

- To communicate our voting policy to promote good corporate governance and to prepare for the next general meeting of the issuer;
- To obtain additional information on individual voting proposals; and
- To express our concerns about specific resolutions that contradict our voting policy.

² For more information on our Class Action Policy, please read <https://www.bnpparibas-am.com/en/footer/class-actions-policy/>.

Outside the annual general meeting season, we aim to conduct regular dialogue with companies covering topics such as strategy, long-term performance, risk management, ESG issues or other emerging concerns. We proactively communicate our voting policy to promote good corporate governance and to prepare for the next general meeting of the issuer.

II.1.1 OUR CORPORATE GOVERNANCE PRINCIPLES

Alfred Berg/BNP Paribas Asset Management's approach to voting is governed by a set of six principles. These principles focus on long-term sustainable value creation; protect shareholder rights; ensure independent, effective and accountable board structures; align incentive structures with long-term interests of stakeholders; ensure respect for society and the environment; and disclose accurate, adequate, and timely information. These six principles underpin our expectations of the companies we invest in and guide our responsible ownership activities.

II.1.2 OUR PROXY VOTING

We vote proxies solely in our clients' best interests, and those of the ultimate beneficiaries of the funds for which we are responsible. In executing our proxy voting responsibilities, we seek to develop a generally constructive and positive approach with the boards of companies we invest in, clearly setting out our expectations as a diligent steward of assets. But we will not hesitate to abstain or oppose management or support shareholder proposals when applying our voting guidelines, which are designed to advance the long-term interests of our clients.

We use the services of proxy voting providers ISS, which provides voting research and a global voting platform. Proxy voting providers are used to help us implement our policies. We do not delegate decision-making authority to them, as Alfred Berg will take each voting decision for every shareholder's meeting internally with no outsourcing of the final decision in order to serve its clients' best interests.

For a more detailed understanding of how we cast our proxy votes, review our Governance and Voting Policy and annual votes.

II.2 THEMATIC ENGAGEMENT

The "3Es" – namely Energy Transition, Environmental Sustainability, Equality and Inclusive Growth – serve as the focus for the sustainability engagement efforts as future makers.

Within this framework, we establish an in-depth dialogue with companies, for example, encouraging them to:

- Align their strategies with the goals of the Paris Agreement;
- Improve their environmental footprint (such as improving their water efficiency) and addressing deforestation-related risks;
- Provide greater opportunities for women at all levels of the organization;
- Adopt more equitable and transparent remuneration policies that ensure that wealth is distributed more fairly across the value chain, where value is created.

II.3 ENGAGEMENT LINKED TO ESG PERFORMANCE

In parallel to engaging with issuers in relation to voting and the priority topics ('3Es'), we engage with companies to support ESG integration across our investment portfolios. This dialogue targets priority companies identified as a result of their poor ESG performance against BNP Paribas AMs internal ESG scoring framework and/or international ESG standards, like the UN Global Compact Principles and the OECD Guidelines for Multinational Enterprises (OECD MNEs Guidelines). Alfred Berg's ESG Integration Guidelines are available on our website.

Alfred Berg expects companies:

- To meet their fundamental obligations in the areas of human and labor rights, protecting

- the environment and ensuring anti-corruption safeguards, wherever they operate, in line with the UN Global Compact Principles and OECD MNEs Guidelines.
- To comply with a series of Sector Policies (e.g. Coal policies), established to set out the conditions for investing in particular sensitive sectors.
- To maintain good ESG performance to mitigate ESG risks across portfolios.

Alfred Berg either engages with and/or excludes companies that are subject to serious controversies, in line with its Responsible Business Conduct (RBC) policy. In relation to our passive investments, where the RBC policy cannot be fully applied, we also manage ESG risks through active corporate engagement and voting.

Further, we aim to avoid investing through active portfolios in entities with a low ESG rating, without actively engaging or planning to actively engage in the near future. As a last resort, for our actively managed portfolios, we may divest entities with the worst rating and which do not respond to engagement and show no sign that they will place greater emphasis on sustainability in the future.

II.4 CONDUCT OF DIALOGUES AND ESCALATION

Investor-issuer dialogue is the foundation of good stewardship – it allows for trusting relationships to be built over time, permitting candid solution- oriented discussions about issues that might not otherwise be addressed. However, there are times when stronger measures are necessary to encourage a company to reform its practices, or even to come to the table to discuss our concerns.

Our approach to stewardship provides for a variety of escalation strategies. In addition to voting against a company's financial accounts, or members of the board, our engagement tactics include public questions at general meetings, the submission of shareholder proposals, making public statements, such as periodically announcing our voting intentions ahead of time and, in rare situations where appropriate, additional legal strategies. We also regularly exclude from our actively managed portfolios companies that fail to meet our Responsible Business Conduct standards and Sector-Based Policies.

Alfred Berg recognizes that the ability to submit shareholder proposals for a vote at company annual meetings is an important shareholder right and a key part of the corporate governance process.

The decision to escalate an engagement is taken on a case-by-case basis, to ensure that our concerns have been properly addressed. Factors that we will consider when determining whether to file a shareholder proposal or take more proactive steps include the practical and topical considerations specified above, which includes guidance from organizations that help coordinate shareholder proposal filings.

Our strategic objectives and voting intentions on environmental and social topics are further described in our Governance and Voting Policy.

PART III. MONITORING AND GOVERNANCE

III.1 MONITORING OF STRATEGIES, FINANCIAL PERFORMANCE AND RISK

Our investment teams monitor the financial performance and risks of the entities in which they invest and their strategies on an ongoing basis. A wide variety of data sources and research providers are used to build up a comprehensive view of the current and expected evolution of each entity's revenues, profitability, cash flows and balance sheet. This analysis is supported by visits, meetings and other interactions with the senior management of the entities in which we invest. In these efforts, our investment teams are supported by the BNP Paribas AM Sustainability Centre, the Quantitative Research Group and our risk teams.

When monitoring investees, we also evaluate the company's strategy and capital structure. We aim to determine if a company's strategy, capital structure and capital allocation decisions are: a) appropriate for the company's industry and circumstances; b) transparent; c) respects all shareholders' rights and interests; and d) balances responsible optimization of returns on capital with broader stakeholder

impacts; e) aligned with delivering a net- zero transition plan. We will engage with companies to encourage behavior consistent with adopting an appropriate capital structure. For example, a company's capital allocation decisions, ranging from the structure and size of its executive compensation arrangements to its investments in research and development and workforce training, as opposed to allocations to share buybacks or dividends, has implications for the long-term value of the company as well as for income and wealth inequality, a key macroeconomic risk. One reflection of our concern for these issues is our commitment to advocate for a Responsible Dividend, a commitment that is built into our voting policies and corporate dialogues.

III.2 MONITORING OF ESG PERFORMANCE AND RISK

Alfred Berg ensures that all actively managed investment strategies across all asset classes, have adopted an investment approach by integrating formally ESG risks and opportunities. BNP Paribas AMs Sustainability Centers team of ESG analysts and specialists in addition to external providers, carries out systematic ESG research on our investment universe. BNP Paribas AMs proprietary ESG scoring framework covers over 13,000 issuers, assessing companies against their industry and geographical peers. Companies in our portfolios not covered by the BNP Paribas AM Sustainability Center, are covered by external providers. These scores and associated sector research are disseminated to all relevant portfolio management teams, in addition to lists of issuers that fail to meet our ESG standards and are therefore ineligible for our actively managed portfolios.

The BNP Paribas AM Sustainability Centre and our external providers are therefore able to highlight those ESG factors that are most material for each sector, and each entity operating in that particular sector. Our risk teams monitor investment risks from the individual security, sector and asset class level to the overall portfolio level, and monitor whether the risks we take in our investments are consistent with our investment processes, and in compliance with client guidelines, and the regulatory and legal framework.

Our ESG integration process is designed to identify and assess areas of risk or opportunity which may not be understood by all market participants, and may therefore provide our managers with a relative advantage. The process to integrate and embed ESG factors is guided by formal ESG Integration Guidelines.

Our ESG Integration Guidelines sets guidelines for investing in entities with a low ESG score, as we believe that issuers with a poor management of ESG risks and opportunities may represent increased financial risks for the portfolio. As a result, while Portfolio Managers may choose to invest in low- rated ESG companies, we will avoid investing in a weakly rated entity (in active portfolios) without actively engaging (or planning to actively engage in the near future) particularly on the key issues identified.

Alfred Berg/BNP Paribas AM believes that an effective engagement with entities can also reduce risk, unlock value, and positively impact the world around us by promoting better corporate sustainability practices and greater transparency. Our sector-specific ESG research covers a broad range of potentially material risks, including systemic risks to the environment and society, from climate change and incidences of bribery and corruption, to consumer privacy breaches. If a controversy is particularly serious, the company could be eventually excluded altogether from the investment universe for our actively managed portfolios.

We take a holistic approach to our engagements, addressing issues that may be financially material as well as those that have the greatest impacts on society or the environment, consistent with our obligations under the UN Guiding Principles on Business and Human Rights, the OECD's Guidelines for Multinational Enterprises,³ and the set of international treaties and laws that underpin the UN Global Compact Principles. It is also consistent with our obligations, as fiduciaries, to do what we can to mitigate systemic risks that impact our clients and future investment opportunities, such as climate change, biodiversity loss and inequality. These systemic risks are often the focus of our long-term thematic engagements.

³ OECD (2017), Responsible business conduct for institutional investors: Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises, available at <https://mneguidelines.oecd.org/RBC-for-Institutional-Investors.pdf>

III.3 INSIDER STATUS

In some circumstances, companies or their advisers may seek our involvement in corporate transactions, which may lead us to receive sensitive information. We may also receive material non-public information (MNPI) in the course of an engagement. We do not pursue insider status or MNPI. If Alfred Berg were nevertheless to become an insider, or to receive MNPI, we would follow our relevant internal processes including flagging the event to our internal compliance team and abstaining from any activity that could constitute a breach of the applicable law or regulation or our code of ethics.

III.4 CONFLICT OF INTEREST

As an asset manager owned by a large financial institution, Alfred Berg can sometimes be faced with potential conflicts between its clients' interests on one hand and those of Alfred Berg on the other, given specific circumstances, including the following:

- Employees being linked personally or professionally with a company whose securities are submitted to vote;
- Business relations existing between the company whose shares are being voted on and Alfred Berg; or

Alfred Berg has implemented several principles, mechanisms, and decision processes, to ensure that conflicts of interest do not influence our votes and engagement, such as:

- Voting rights and engagement activities are exercised in the best interests of clients in order to protect and enhance the long-term value of their shareholdings.
- The Governance and Voting Policy, which determine the decision-making process for the exercise of voting rights is approved by the Board of Directors, which includes independent directors.
- Employees must comply with BNPP Code of Conduct and declare any outside business activity.
- Controls (by sampling) are performed, at least annually, to ensure that internal policies are duly implemented

Material conflicts of interest that are identified trigger an escalation process involving the head of Compliance and the relevant top manager on a case by case basis.

At each level, the "best interest of clients" principle is paramount in the decision outcome. When a conflict of interest is identified, it is duly disclosed to the concerned clients where and as applicable laws so require.

III.5 GOVERNANCE AND REPORTING

We expect high standards of governance from the companies in which we invest, including on all sustainability matters, and we hold ourselves to the same standards. Our approach to voting and engagement is governed through a company-wide framework that ensures that our sustainable investment policies and practices are embedded and implemented appropriately throughout our business, and that all new initiatives are well- conceived, properly structured, delivered effectively and serve the best interests of our clients.

Our goal is to ensure that our stewardship activities are effective, consistent, and supportive of our overall objectives as fiduciaries.

All stewardship activities related to engagement, monitoring and voting are carried out by Alfred Berg staff. Alfred Berg will discharge its stewardship responsibilities' with no outsourcing, in order to serve its clients' best interests. In some cases, we may use third-party consulting services to inform and support our stewardship work, however final decisions and responsibility always fall to Alfred Berg staff.

We are also committed to report on an annual basis, and in an open and transparent manner, the results of, and underlying reasons behind, our engagements and significant voting decisions, including an annual record of all of our proxy votes. Reports of our voting and engagement activities for the year are publicly available on our website.