

Instruction on Shareholder Engagement

Internal rules and regulations laid down pursuant to:

- Section 4-7 of the AIFM Act
- Section 9-16a of the Securities Trading Act
- Section 10-10a of the Securities Trading Act
- Section 9-6a of the Securities Trading Regulation
- Section 10-1 of the Securities Trading Regulation

Responsible: Chief Executive Officer

1. General and scope

This instruction is adopted on the basis of Norwegian rules transposing the second Shareholder Rights Directive (SRD 2). SRD 2 imposes transparency and disclosure obligations on institutional investors and asset managers.

By virtue of its authorisation from the FSAN, the Company is considered an asset manager for the purpose of SRD 2.

This policy applies to the Company to the extent it provides discretionary portfolio management services with respect to shares admitted to trading on a regulated market that is registered in or operating in the EEA.

The Company provides discretionary portfolio management services with respect to shares admitted to trading on a regulated market that is registered in or operating in the EEA. As such, the Company is required to disclose its shareholder engagement policy and information on how the Company:

- (a) Integrates shareholder engagement in its investment strategies;
- (b) Monitors portfolio holdings on relevant matters;
- (c) Conducts dialogues with portfolio companies;
- (d) Exercises voting rights and other shareholder rights;
- (e) Communicates with other shareholders and stakeholders; and
- (f) Manages conflicts of interest in relation to portfolio holdings.

Further, the Company shall on an annual basis disclose how the above policy elements have been implemented, including by disclosing its voting behaviour, what it deems the most important votes and its use of proxy advisors.

The Company is also required to disclose certain data to life insurers and pension funds and intends to do so through periodic reports.

2. Shareholder engagement

2.1 Integration of shareholder engagement in our investment strategies

The Company currently manages what is effectively a single investment strategy across two master funds and four separately managed accounts. The strategy is a concentrated, long-only equity strategy, with a Northern European focus, investing predominantly in mid cap companies (EUR 1-10 billion market cap). All client accounts are managed by the Company's four investment professionals, led by the CEO and CIO Svein Høgset.

Each member of the investment team is responsible for engaging as a shareholder in the Company's portfolio holdings, including through exercising voting and other shareholder rights, dialogue with management, other stakeholders and/or other shareholders.

Due to the concentrated nature of the investment strategy, the Company may be a relatively large shareholder in its portfolio holdings. Typically, the Company's funds and separately managed accounts will hold between 2% and 7% of the outstanding shares of an issuer. With a larger shareholding, the Company exerts greater influence as a shareholder and engages in the form of voting at shareholder meetings, dialogue with management/portfolio holdings and/or dialogue with other shareholders and/or stakeholders, as further set out below.

2.2 Monitoring of our portfolio holdings on relevant matters

The Company closely monitors its portfolio holdings on relevant matters on an on-going basis. This includes review of periodic financial reports, review of published third party research as well as independent primary research carried out by the Company.

2.3 Dialogues with management teams and board members of our portfolio holdings

The Company regularly engages in dialogue with management teams, board members and other relevant individuals for its prospective and current portfolio holdings on an on-going basis. Such dialogue forms part of the Company's investment research, both prior to investing in a company and throughout the life of an investment.

2.4 The exercise of voting rights and other shareholder rights

The Company exercises voting rights for all securities managed on a discretionary basis on behalf of its clients. The same applies to decisions related to other shareholder rights and corporate actions, including equity issues, mergers/demergers, etc.

Further details on the Company's approach to exercising voting rights is set out in the Company's policy on the exercise of voting rights.

2.5 Communication with other shareholders and stakeholders

The Company does from time to time communicate and/or otherwise engage with other shareholders and stakeholders.

Should the Company engage with other shareholders and stakeholders in its portfolio investments, this will always be done in the interest of the Company's clients and always in accordance with applicable law.

2.6 Managing conflicts of interest in relation to our portfolio holdings

The Company shall ensure that any conflicts of interest are appropriately managed and to prevent, to the extent possible, potential conflicts of interest from arising, by providing the organisational and administrative procedures to identify and prevent or manage actual and potential conflicts of interests in the ordinary course of business of the Company.

Such conflicts may arise between the Company and its funds under management, clients, shareholders, board members, employees, suppliers, delegates and business partners, between different functions within the Company (including managers, employees and tied agents, or any person directly or indirectly linked to them by control) and also between the Company's customers.

The Company identifies and manages such conflicts of interest in accordance with its "*Instruction on Managing Conflicts of Interest*".