

## Engagement Policy

The policy contains information about St. Petri Capital's position on AGM voting and the high-level framework for how engagement is carried out, and how it is integrated in St. Petri Capital's investment process. The policy follows the approach set out in St. Petri Capital's Responsible Investments Policy.

St. Petri Capital sees responsible ownership as an important part of the asset management function. Our ambition is to ensure an effective and sustainable shareholder engagement by supporting compliance with international norms and regulations and strong corporate governance practices.

St. Petri can engage in the following:

- Company dialogue and monitoring in regards to company operations and strategies
- Formal engagement if more cardinal questions or problems appear
- Cooperation with other asset managers and owners
- Communications with other stakeholders

Company engagements and AGM votings are both based on a prior integration of engagement activities in the ongoing investment process and monitoring of portfolio companies. The main focus areas in the investment proces are:

- Financial and non-financial performance
- ESG-screening
- Compliance and risk management
- Company business strategy
- Capital structure
- Exclusion list

Through this process, which also includes the ESG integration described in our Responsible Investment Policy, St. Petri Capital seeks to identify material risks and opportunities that can have a significant impact on a company's business strategy, ESG factors and financial performance, and an impact on the company's stakeholders and the wider society including sustainability factors. This process enables St. Petri Capital to identify areas of relevance for engagement and AGM voting to influence companies to manage these risks and opportunities to the benefit of its financial and ESG performance.

St. Petri Capital will use different sources of information spanning from company communication and publications to public news and third-party research. St. Petri Capital may also communicate with other relevant stakeholders to obtain additional information that will expand or confirm company knowledge and further substantiate our company assessments.

Based on the above process St. Petri Capital will conclude if any further action is needed regarding engagement or AGM voting.

### **Formal engagement**

To ensure the highest impact and benefits, all norm-related engagements are taken in collaboration with other asset managers and asset owners through ISS-Ethix, one of St. Petri Capital's ESG providers. Other engagements caused by St. Petri Capital's ongoing monitoring, PAI warnings, thematic or product related events are directed by St. Petri Capital. The purpose of such engagements is to ensure compliance with international norms and regulations, good corporate governance, company performance, risk management, overall disclosure standards and ESG performance etc.

### **Escalation**

If St. Petri Capital or ISS-Ethix does not have full confidence in a company's strategy or results, and/or the company violates St. Petri Capital's Responsible Investment Policy or international norms, in addition to further dialogue with the company is assessed as without effect, a sales process will be initiated. In severe cases this can result in the company being added to St. Petri Capital's exclusions list

### **Exclusion list**

Before a potential candidate is added to the exclusion list it will be assessed by St. Petri Capital's Responsibility Committee. The committee will consider the extent, severeness, and risk of recurrence of the activities. The committee will decide if the company can remain part of the portfolio or will be added to the exclusion list. If a company remains in the portfolio, it must be explained how it conforms with St. Petri Capital's responsibility policy.

### **Proportionality**

The engagement and voting conducted by St. Petri Capital itself is based on The Principle of Proportionality. It is St. Petri Capital's decision whether that company engagement and AGM voting can have a significant impact on a company's behavior and returns. St. Petri Capital also recognizes that the benefits of the impact must match the efforts and resources used in connection with engagement or AGM voting. St. Petri Capital's Responsible Investment Committee is responsible for ensuring just that, and that AGM voting are in accordance with St. Petri Capital's existing policies and our broader societal responsibility.

### **Voting**

St. Petri Capital will normally exercise voting rights when the fund owns more than 5% of the votes for a company's AGM. St. Petri Capital can choose only to vote and engage with companies if the holdings of a company either constitutes a significant share of the overall AGM votes, or the company constitutes a significant share of the overall fund value, and if it can be expected that an engagement will be taken seriously by the company management.

St. Petri Capital can use an external shareholder service provider for the administration of the voting process but can also choose to conduct the process by itself. St. Petri Capital's Responsibility Committee will decide on how the voting will be conducted.

### **Publication and Reporting**

St. Petri Capital is obliged to, on an annual basis, publicly disclose how our engagement policy has been implemented, including a general description of our voting behavior, an explanation of the most significant votes and the eventual use of the services of proxy advisors. In accordance with

EU regulations such disclosures will be made when St. Petri Capital holds a significant size of the holding in the company. The annual report is published on St. Petri Capital's website.