

May 2024

# Active Ownership Policy



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### INTRODUCTION

In accordance with the requirements of Chapter 8, Section 20a of the Securities Market Act (2007:528), securities institutions providing portfolio management services and investing in shares listed on a regulated market and issued by a company within the EEA are required to adopt principles for their shareholder engagement regarding such shares.

Securities institutions may choose to refrain from fulfilling one or more of the requirements covered by Chapter 8, Section 20a of the Securities Market Act, provided that clear reasons for doing so are stated. Below is indicated to what extent Kavaljer has chosen to apply the principles, as well as Kavaljer's rationale for deviating from parts of the regulatory requirement.

Kavaljer's operations consist of providing management services to institutional and private investors, as well as managing the funds Kavaljer Investmentbolagsfond and Kavaljer Quality Focus. The company also manages endowment insurances, investment savings accounts, and occupational pensions.

## KAVALJERS ACTIVE OWNERSHIP APPROACH

The company has chosen to apply principles for monitoring relevant issues within the companies in which investments are made. Taking into account issues related to environmental, social responsibility, and corporate governance is an integral part of our investment process. In terms of the environment, we value the awareness and efforts of investment companies regarding energy consumption, waste management, water usage, and their impact on the environment and climate. This is implemented by measuring factors such as central resource efficiency indicators concerning the use of energy, renewable energy, raw materials, water and land, waste generation, greenhouse gas emissions, or the effects on biodiversity and the circular economy.

Regarding social responsibility, we place value on gender equality issues, and a good relationship between labor market parties the investment targets adhere to good governance practices, particularly with regard to sound management structures, relationships with employees, salaries for relevant personnel, and compliance with tax regulations.

In terms of corporate governance, the investment targets should adhere to good governance practices, particularly with regard to sound management structures, employee relationships, tax compliance. We also focus on shareholders' rights, remuneration for senior executives and the prevention of corruption.

In addition to this, we value investment companies' internal governance and control regarding corporate governance. Kavaljer assess, among other things, how companies manage incentive programs, the composition of their boards, and whether companies implement whistleblower systems.

Before making investment decisions, Kavaljer considers the awareness shown by investment companies regarding the factors mentioned above. Consideration is also given to the extent to which investment companies have set goals and guidelines for potential improvements. Kavaljer continuously monitors these issues and, by requesting documentation such as sustainability reports, can influence investment companies' awareness and appreciation of these issues.

## ENGAGEMENT

If we uncover violations against our **Responsible Investment Policy**, our initial step is to assess the situation. Subsequently, depending on the severity of the situation there are two options: initiating engagement measurements or divestment of the asset.

The goal of our active ownership activities is to induce positive changes in the company's practices towards greater responsibility, or to encourage the company to take sufficient remediation measures.

The engagement period is limited to a maximum of two years, and thereafter, there must be compelling justifications for retaining the investment.

Recognizing the power of collective action, we may collaborate with other investors to address systemic issues with investees. In general, it is a part of the investment strategy of the funds that the portfolio managers often meet with the company representatives on a regular basis to discuss responsibility-related issues.

## VOTING

The shares managed by Kavaljer are of such limited scope that its voting rights can only be considered to have limited influence.

Therefore, Kavaljer's strategy is generally not to use voting rights associated with its holdings. Kavaljer has the option to exercise voting rights if necessary. For this reason, the Kavaljer has decided not to adopt additional principles of shareholder engagement beyond those outlined above. We can choose to exercise our voting rights at general meetings that we consider important for various reasons, such as when engagement dialogues have not been successful, or to support ESG related resolutions.

## ANNUAL REPORTING

Due to Kavaljer's limited shareholder engagement as described above, no annual report on stewardship activities, in accordance with Chapter 8, Section 20 of the Securities Market Act (Vpml) will be published until further.

## EVALUATION OF POLICY

The Board shall evaluate its stance at least once a year. If Kavaljer operations would change and the reasons for the stance are no longer relevant, the Board shall develop and publish renewed principles on how Kavaljer integrates shareholder engagement into its investment strategy.

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