

Alfred Berg Fonder AB

Governance and Voting Policy

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APPLICABLE REGULATION

Sweden	The Swedish UCITS Act (<i>Sw. lag (2004:46) om värdepappersfonder</i>), the Swedish FSA's Regulatory Code for UCITS funds (<i>Sw. Finansinspektionens föreskrifter (FFFS 2013:9) om värdepappersfonder</i>) and the Swedish Corporate Governance Code (<i>Sw. Svensk kod för bolagsstyrning</i>).
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1. INTRODUCTION

Alfred Berg Fonder AB (“**ABF**”) is a 100 per cent owned subsidiary to Alfred Berg Asset Management AB (“**ABAM**”). ABAM is owned 100 per cent by BNP Paribas Investment Partners S.A. (“**BNPP IP**”). ABF is a fund management company which is supervised by the Swedish financial authority, Finansinspektionen (“**FI**”) and holds a UCITS fund license according to the Swedish UCITS Act, Lag (2004:46) om värdepappersfonder (“**LVF**”).

According to FI:s regulatory code, FFFS 2013:9 om värdepappersfonder (“**FFFS 2013:19**”) chapter 15 §9 and §10, ABF has adopted the following Governance and Voting Policy (“**the Policy**”), which is in line with the group policy, BNPP IP Responsible Investment Policy (“**the Group Policy**”). The Group Policy has been adopted by ABF's Board of Directors. In addition, there are recommendations regarding the owners' responsibility and role in the Swedish Code of Corporate Governance (“**the Code**”). The Swedish Investment Funds Association has also issued guidelines for the fund management companies' exercising of voting rights (Sw. *Fondbolagens förenings riktlinjer för fondbolagens ägarutövande*). Also LVF states that a fund management company must not exercise a substantial influence over the management of a company in which it has holdings.

This Policy applies to ABF. External investment managers to which ABF delegates portfolio management such as for example Alfred Berg Kapitalförvaltning AB (“**ABKF**”) are required to exercise voting rights in line with this Policy and voting guidelines. ABKF are also required to maintain records of voting decisions and report internally on proxy voting activity to ABF.

The purpose of ABKF:s exercising of voting rights is to safeguard the unit-holders' common interests in topics related to the shareholdings and to contribute to the long-term sound development of the financial markets. ABF believes that promoting good corporate governance standards is an essential part of its 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 shareholders. Therefore ABF expects all corporations in which we invest to comply with high corporate governance standards.

Voting at assembly general meetings is a key component of the ongoing dialogue with companies in which ABF invests in. ABF is committed to ensure consistent exercise of voting rights associated with shares held in the actively managed UCITS funds.

The second section of this document outlines ABF's key governance and proxy voting principles. The third section describes the proxy voting process. The final section explains a set of voting 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 voting issues. When applying the voting guidelines, ABF shall take into account specific circumstances as they relate to individual companies.

2. GOVERNANCE AND VOTING PRINCIPLES

These following principles govern the implementation of voting in line with the Group Policy and describes ABF's expectations in relation to the invested companies. The principles act as guidelines by which ABF executes its ownership responsibilities.

2.1 ACT IN THE LONG-TERM INTERESTS OF SHAREHOLDERS

The overriding objective of companies should be the creation of long term shareholder value which will create value for ABF's unit holders. Corporate governance practices should focus on the board's attention. There needs to be a clear strategy in place in order to achieve this.

2.2 PROTECT SHAREHOLDERS' RIGHTS

All shareholders should be given the opportunity to vote on all decisions concerning fundamental corporate changes. Companies should ensure that the rights of all investors are protected and treat them equitably. Capital increases should be carefully controlled to minimize dilution of existing shareholders. Anti-takeover devices should not be used to shield management from accountability.

2.3 ENSURE INDEPENDENT AND EFFICIENT BOARD STRUCTURE

The Nomination Committee presents proposals for election of the directors of the board. A Company's Nomination Committee should consist of the largest shareholders in the company. Hence, ABF shall only participate in the nomination process where ABF is one of the largest shareholders.

The board and its committees should include a strong presence of independent directors to allow an efficient oversight of the management. As well, the directors should have sufficient qualification and involvement to improve the board's efficiency. Finally, the directors should be selected so that the board reflects appropriate diversity.

2.4 ALIGN INCENTIVE STRUCTURES WITH LONG-TERM INTERESTS OF SHAREHOLDERS

Compensation structures need to be aligned with the long-term performance of the company. Whilst compensation programs should not restrict the company's ability to attract and retain talented executives, they should respect best market practices and be disclosed to shareholders in a clear and thorough way.

2.5 DISCLOSE ACCURATE, ADEQUATE, AND TIMELY INFORMATION

Companies should ensure that timely and accurate disclosure is made on financial and operating results, ownership issues, and performance on key environmental, social, and governance issues. Annual audits of the financial statements carried out on behalf of shareholders by independent external auditors should be required for all corporations.

2.6 ENSURE GOOD ENVIRONMENTAL AND SOCIAL PERFORMANCE

The companies are expected to act responsibly to all stakeholders and to meet corporate governance, environmental and social standards to protect shareholders' long-term interests.

3. PROXY VOTING APPROACH

3.1 THE PROXY VOTING

ABF has required ABKF to perform voting and governance services for ABF. ABKF is responsible to ensure that this Policy, related voting guidelines and procedures are followed. As proxy voting is considered as an integral part of the investment process, the final responsibility for proxy voting lies with ABF.

3.2 VOTING SCOPE

Voting rights are exercised for all ABF's funds.

ABF aim to be an active owner and independently of the market share exercise the voting rights. The right to vote will solely be used in the interest of the fund and its unit holders. The strategies shall be effective and appropriate and include measures:

1. To monitor relevant corporate actions.
2. Ensure that the voting rights are used according to the relevant UCITS fund's objectives and investment policy.
3. Prevent or manage conflict of interests that occurs when voting rights are exercised.

3.3 OPERATING PROCEDURE

The following points outline the key stages of the proxy voting process from the notification of voting agendas in the context of Annual General Meetings (AGM) or Extraordinary General Meetings (EGM) to actual voting execution:

1. Analysis of proposed resolutions
2. Dialogue with companies
3. Decision-making
4. Stock lending/recall
5. Prevention/resolution of potential conflicts of interest
6. Execution

3.4 CONFLICTS OF INTEREST

Sometimes there will be circumstances when a proxy voting decision presents a conflict between the interests of the unit holders on one hand, and the interests of ABF on the other hand.

- Employee linked personally or professionally with a company whose securities are submitted to vote.
- Business relations between the company whose shares are being voted on and another company of BNP Paribas Group.
- Exercise of voting rights concerning shares of BNP Paribas Group or significant participations and holdings of the Group.

Mechanisms in place for preventing conflicts of interest include the following:

- In this Policy, ABF stresses that voting rights are exercised "in the best interest interests of unit holders in order to protect and enhance the long-term value of their investments".
- The Group Policy and this Policy, which determine the decision process for the exercise of voting rights have been approved by ABF's Board of Directors.
- Employees are due to respect the gifts and invitations policy and to declare any other professional activity to the Compliance Officer.
- "Chinese walls" between ABF/ABKF entities and the other companies of the Group thereby ensure that ABF/ABKF the staff of ABF/ABKF remain independent and neutral in their missions and responsibilities.
- ABF's Board of Directors has also adopted a Policy for Conflicts of Interest, which shall be taken into account.

Conflicts of interest are reported to management and Compliance. The conflict of interest shall be documented in a register held by Compliance. Where a conflict of interests cannot be correctly settled by organizational arrangements and implemented procedures, the entities of Alfred Berg and their employees can:

- Refuse to act, if the situation entails a particularly high risk;
- Disclose the conflict of interest or obtain the renunciation or appropriate consent of the client, since the disclosure does not exonerate Alfred Berg and its entities of their duty to manage conflicts of interests' situations in order to prevent excesses and protect the client.

3.5 TRANSPARENCY & REPORTING

ABF is committed to transparency with regards to its proxy voting approach and execution. A summary of this Policy can be accessed on the website of ABF. Voting records of individual agenda items at company meetings can be obtained by clients on request.

4. VOTING GUIDELINES

According to the Group Policy, each Investment Partner shall define guidelines that are consistent with the principles defined in the Group Policy and that takes into account local market conditions.

4.1 THE SWEDISH CODE OF CORPORATE GOVERNANCE

Of importance for the Swedish market conditions and ABF:s exercise of voting is the Swedish Code of Corporate Governance (“**the Code**”). The Code forms part of the system of self-regulation within the Swedish private sector and aims to improve the corporate governance of companies listed on the Swedish securities market.

The Code is based on the principle of comply or explain, which is a suitable principle for this type of code since it is difficult to create a code that meets the requirements of all companies in all circumstances.

As a main rule, ABF shall vote in accordance with the Code (in its wording from time to time adopted by the Swedish Corporate Governance Board). However, if ABF finds it more appropriate to vote in accordance with the voting guidelines of the Group Policy, these guidelines shall act as voting guidelines instead of the Code.

4.2 VOTING GUIDELINES PROVIDED BY THE GROUP POLICY

The Group Policy provides voting guidelines with detailed information on how ABF shall vote on the most common proxy voting items. They address key voting issues grouped in four themes:

1. Reports and of accounts
2. Financial operations
3. Appointments and remuneration of directors and executives
4. Other relevant issues (e.g. related-party transactions)

For each issue, the guidelines highlight best practices and issues that may trigger an "oppose" or "abstain" vote. Voting decisions are based on the following considerations:

- For: The proposed resolution reflects good practice and is in unit holders' long term interest
- Abstain: The proposal raises issues of concern for unit holders
- Oppose: The proposal is not acceptable and is not in unit holders' long-term interest