



Ownership policy for listed companies

Principles and Approach

AMF's stance is that each company is unique. Size, scope of operations, and industry conditions can vary significantly between companies. Therefore, it may be challenging to create a policy that covers all possible situations. An individual assessment based on the policy is always required. AMF's ownership policy aims to clarify AMF's views on ownership matters.

Our ownership activities shall contribute to a long-term high return for AMF by promoting the long-term profitable development of the companies we own.

AMF shall identify companies where its ownership activities are of greatest importance, based on exposure, need for ownership governance, and potential for influence. In these companies, AMF shall identify the ownership issues that are most important for the company's long-term development and conduct systematic ownership work aimed at supporting the company's long-term ability to generate profit.

Ownership activities shall be conducted within AMF's investment operations to ensure that we, with regard to the prioritized companies, have a deep understanding of the companies, a well-founded opinion of the company's valuation and potential, and good knowledge of the board and its members. Our ownership and ownership agenda shall be long-term. We shall regularly meet with the chairman and CEO, and when necessary, other key functions. We shall maintain ongoing contact with other major shareholders to coordinate our ownership work where possible. Where applicable AMF should aim to be part of nomination committee.

In addition to the specific ownership issues in the prioritized companies, AMF shall also work on several general ownership issues in line with the points below. For analysis and dialogue with non-prioritized companies, AMF may use external providers to a greater extent.

As a general rule, AMF should avoid being a controlling shareholder in listed companies.

It is the CEO's responsibility to ensure that there are routines and processes for AMF's ownership work. Any conflicts of interest shall be identified in AMF's annual conflict of interest survey.

The Board shall be continuously informed about the work and priorities.

AMF's positions on certain general ownership issues

A major shareholder always has the opportunity to take a stand on issues that may have significant importance for or impact on a company in which they are a shareholder. This may include dividend policies, corporate acquisitions, new share issues, or significant strategic changes.

Responsibility and sustainability

Consideration of responsibility and sustainability is a prerequisite for a company to be operated in line with AMF's and the companies' long-term interests. To the extent possible, AMF shall ensure that the board and management of a company identify and proactively address responsibility and sustainability issues relevant to the business. AMF shall work to ensure that



portfolio companies meet the requirements for responsibility and sustainability in terms of human rights, labor law, environment, and anti-corruption. AMF shall also work to ensure that portfolio companies set climate goals in line with the Paris Agreement, and that they have a transparent and public tax policy with relevant follow-up. If situations arise where there are indications that a company violates AMF's sustainability principles, an individual assessment of the holding shall be conducted. A comprehensive assessment shall be made, taking into account the interests of the savers. As a general rule, AMF shall always seek a dialogue with the board and management to investigate what has happened and what the company is doing to address any problems. Selling a holding is a last resort and must always be carried out in a responsible and structured manner.

Capital structure

The management and board are responsible for the company's effective capital management. AMF believes that the company's capital should be invested with the aim of creating the highest sustainable long-term return possible in the company. Accordingly, a stable dividend growth should be pursued.

Primary new share issues should be conducted as cash issues with preferential rights for the company's existing shareholders. Only in special situations may it be justified to deviate from the existing shareholders' preferential rights (directed issues), and the board must therefore provide a detailed justification for such a proposal.

Empowerments to the board to decide on directed share issues must be thoroughly motivated. The motivation must specify the situations and conditions under which the board may use the authorization, and that it only in exceptional cases should cover directed cash issues.

Board remuneration

AMF shall strive for market-based board remuneration that also takes into account the special requirements of board members' engagement. Board remuneration should not be supplemented with consultancy fees. AMF believes that it is desirable for board members to show such interest that they own shares in the company, taking into account the board member's personal financial situation.

The board has an important role in designing, deciding on, and overseeing the effects of incentive programs for employees in the company. To avoid conflicts of interest, board members should therefore not participate in the same incentive programs as employees of the company.

Incentive programs for board members shall be issued very restrictively and, when considered, the proposal shall be prepared, decided on, and followed up by the owners.



AMF's Positions on Certain Ownership Issues Related to Swedish Holdings

Governance framework

Corporate governance shall be based on the requirements and guidelines primarily in the Companies Act, the Swedish Code of Corporate Governance ("the Code"), as well as the listing agreement with the Stockholm Stock Exchange, and other applicable legislation and guidelines. These constitute the basis for how companies are governed and establish the distribution of responsibilities between owners, the board, and management. AMF shall work for the application of the Code in all Swedish companies with shares listed on a Swedish regulated market and shall actively participate in the work of continuously developing it. AMF shall work to ensure that the Code is complied with based on the principle of "comply or explain."

General meetings

Since the general meeting is the company's highest decision-making body, AMF believes that the basis for decisions before the meeting must be of high quality and be made available to shareholders in a timely manner so that there is time to provide input and revise a proposal.

AMF shall, to the extent possible, attend general meetings for companies in which AMF owns shares, especially if important principle issues are to be decided. AMF may abstain from attending general meetings if the holding is negligible in AMF's portfolio.

Nomination committees

AMF shall support the general meeting's decision on the procedure for the composition of the nomination committee and the nomination committee's tasks.

AMF believes that the largest shareholders should be represented on the nomination committee and that the nomination committee should also engage in a dialogue with a broader circle of shareholders. AMF believes that the Swedish model, with a predominantly owner-based nomination committee, is good.

As a general rule, AMF shall work in nomination committees in companies that represent AMF's most valuable investments or where AMF is one of the company's largest shareholders in terms of votes.

When AMF participates in a nomination committee, there should be a well-thought-out view of the current company. Those representing AMF in the nomination committee work shall have experience of board work, held leadership positions in companies, and/or worked extensively with the current company as analysts or portfolio managers.

As a general rule, insider information should not be disclosed in nomination committee work. If necessary, in addition to the company following applicable rules, AMF shall handle this in accordance with AMF's existing procedures.

Employees within AMF should typically not be proposed for or hold board positions in listed companies.

Boards

To ensure an effective governance, AMF believes that a board should normally consist of six to eight individuals with a relevant mix of backgrounds, competencies, and experiences, and have a balanced gender distribution. AMF believes that it is important for the nomination committee to verify that board members can devote sufficient time and interest to their roles.



AMF believes that the company's CEO should not be a board member.

An outgoing CEO should not be elected as Chairman of the Board.

Executive managements

AMF believes that remuneration for executive managements should be market-based, should take the form of a total cost framework, and should be part of a long-term compensation strategy.

Pension remuneration should be premium based. No payments should be made after termination of employment. Severance pay should not be paid upon voluntary resignation.

The company shall transparently disclose the principles for and structure of management remuneration. The conditions for the allocation of variable components should also be disclosed – though not in such detail as to reveal trade secrets.

In addition to what is stipulated in the Swedish Code of Corporate Governance ("the Code") and the statements of the Swedish Securities Council (primarily AMN 2002:1 and AMN 2010:40) regarding incentive programs, AMF shall follow the guidelines of the Institutional Shareholders' Association.

Compensation from variable pay and/or equity-related incentive programs should not be pension qualifying unless otherwise stipulated in collective agreements.

Before a decision is made to introduce equity-related incentive programs, the company shall provide detailed information to shareholders in sufficient time for the company to revise the proposal based on owners' feedback. The company should transparently and clearly present the design of the program.

Foreign listed companies

Even though the conditions for dialogue and influence activities differ in foreign companies, the basic idea and goal of ownership work should be the same as for Swedish companies.

AMF shall engage in an influence dialogue with foreign companies individually or together with other shareholders when justified.

AMF shall vote in foreign general meetings through proxy voting. The ambition should be to vote on all markets and all general meetings where practical.