
Engagement Policy



CAPITAL FOUR MANAGEMENT FONDSMÆGLERSELSKAB A/S
CAPITAL FOUR AIFM A/S

(JOINTLY REFERRED TO AS "CAPITAL FOUR")

CAPITAL
FOUR

Capital Four is an industry-leading credit asset manager for some of the largest pension funds and institutional investors globally. Fulfilling our responsibility to our investors requires informed investment decisions, including an understanding of the risks that can influence long-term financial performance.

Engagement supports this responsibility. By engaging with investee companies, we seek to improve transparency, strengthen our insight into material ESG factors, and encourage better practices where relevant and feasible. We believe engagement helps us make better and more informed investment decisions and creates value for both our clients and the companies we invest in.

This policy (in the following referred to as the "Policy") applies to Capital Four Management Fondsmæglerselskab A/S and Capital Four AIFM A/S (jointly referred to as "Capital Four"). The policy outlines how Capital Four engages with investee companies and other stakeholders.

The Policy is approved by the CEO of Capital Four and applies to all Capital Four investment strategies.

Objective of Engagement

The objective of engagement at Capital Four is to influence and improve our understanding of material ESG factors, allowing us to make improved responsible investment decisions and achieve better outcomes leading to enhanced value for our clients.

Engagement is conducted at issuer level or with various stakeholders to support insight into risks, better assessment of information, and, where feasible, improved practices among the investee companies. Through this, we aim to address sustainability issues that may affect creditworthiness, including ESG controversies, governance concerns, climate-related matters or potential restrictions under our Responsible Investment Policy. By focusing on issues that are material, relevant and practical to address, engagement contributes to more robust credit assessments and supports long-term value creation for our clients as well as more resilient and transparent conduct from our investee companies.

Collaborative engagement efforts primarily consist of our participation in industry forums and organisations that focus on sustainability-related issues. As existing issuer-linked collaborative engagement initiatives do not cover Capital Four's investment universe, we continue to follow market and industry developments, as we would participate should relevant initiatives emerge.

Engagement Themes

Engagement efforts are structured around four themes that reflect Capital Four's overall sustainability goals, commitments and responsible investment approach:

Climate and Net Zero: Engagements under this theme focus on climate-related risks, greenhouse gas ("GHG") emissions and alignment with a net zero pathway. We engage with investee companies to improve the availability and quality of relevant data, to clarify their climate and environmental strategies and to encourage positive progress related to our Net Zero commitment.

Controversies and firm-wide restrictions: This theme covers engagement related to material controversies or potential breaches of Capital Four's Responsible Investment Policy, including issues related to ESG misconduct, norm-based concerns and restricted activities. Engagement aims to clarify the nature and severity of the issues, understand the company responses and assess if the issue means there is a breach of our restrictions and Responsible Investment Policy.

Social and governance risks: Engagements addressing social and governance risks focus on matters such as human capital management, workplace safety, corporate governance structures, business conduct, and management quality. Engagement seeks to ensure that we understand relevant practices and that material risks are appropriately managed.

Disclosure and Transparency: This theme focusses on improvements of ESG-related disclosures, including data required for ESG due diligence, regulatory reporting and alignment with our internal analysis. Engagement aims to close material information gaps and improve data quality and transparency needed for credit analysis and regulatory compliance.



Prioritisation

Capital Four's prioritisation of engagement ensures that our efforts are directed toward issues where engagement is most relevant, feasible and capable of contributing to well-informed investment decisions. Prioritisation is reviewed continuously and reflects the following factors:

Materiality and severity. The nature and severity of the sustainability-related issue is a key consideration. We assess materiality using relevant Principle Adverse Impact indicators (PAIs), our ESG score, Net Zero Alignment Assessment, and peer and sector context.

Economic exposure. Our position size, expected holding period and the investee company's importance within our portfolios influence prioritization. Engagement is prioritised where our exposure is meaningful and where the issue may materially affect credit performance.

Relationship and debt type. The likelihood of engaging effectively varies across capital structures, debt types and ownership. Prioritisation reflects our relationship with the investee company and owner, the responsiveness of the issuer, and the practical feasibility of engagement across our asset classes.

Strategic and regulatory relevance. Engagement is prioritised where issues are linked to Capital Four's sustainability commitments and regulatory obligations, including SFDR Article 8 requirements, Net Zero Strategy, our Responsible Investment Policy and, where relevant, areas where entity-level PAI indicators under SFDR have not improved over time.

Expected outcome. Engagement is prioritised where we deem that dialogue can lead to improved transparency, clarification of risks or progress, and influence on the sustainability-related issue.

Engagement Process

Capital Four has established a structured plan to engagement to ensure it is purposeful, proportionate and aligned with our sustainability objectives. Engagement is initiated when a sustainability-related issue is assessed as material through our prioritisation process and ongoing research and analysis.

Once an engagement need is identified, we define the purpose of the dialogue and align our approach to the characteristics of the investee company and the context of the issue. Engagement may involve written communication, meetings or discussions with sponsors or other stakeholders.

Throughout the process, our focus is on obtaining relevant insights, addressing material ESG concerns, supporting improved transparency, and encourage progress. Progress is assessed over time as new information becomes available or as investee companies provides responses. Engagement may continue, be adapted or be concluded depending on the relevance of the issue, the responsiveness of the issuer and level of progress observed. We believe the most effective engagement is long-term and relationship based, and for issues that do not constitute breaches of our policies or commitments, we generally prioritise continued dialogue over short-term escalation or divestment.

Where necessary, matters may be escalated in accordance with our Responsible Investment Policy and governance structure. This process ensures that engagement remains practical, proportional and aligned with Capital Four's prioritisation structure, while supporting credit assessment, informed investment decisions and long-term value creation.

Governance and Responsibilities

Engagement is integrated into Capital Four's investment process and is carried out jointly by the Investment Teams and ESG Integration Team. Credit analysts, supported by the ESG Integration Team, are responsible for identifying material sustainability-related issues through ongoing research and monitoring. The ESG Integration team advise on sustainability consideration and ensure consistency with our sustainability objectives and regulatory obligations.

Engagement cases are prioritised collaboratively by the ESG Integration team and Investment Teams in accordance with the prioritisation structure. Once prioritised, both teams jointly drive the engagement case.

The Portfolio Managers oversee engagement outcomes where they are relevant for investment decisions, issues raise significant concern or relates to potential breaches of the Responsible Investment Policy or commitments.



Review and Approval

This Policy is reviewed at least annually, provided that it shall be reviewed and amended from time to time if material changes to the legislation or the Capital Four organization make this necessary.

Approved by the CEO on August 21, 2026

Sandro Näf, CEO

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