



## **Cevian Capital statement on UK Stewardship Code Compliance**

September 2011

Cevian Capital Limited is an international investment firm acquiring significant ownership positions in European public companies where long-term value can be enhanced through active ownership. Active ownership is at the core of its investment strategy, and Cevian operates to a standard which it believes is higher than that required for compliance with the UK Stewardship Code. Cevian Capital is advised by Cevian Capital AB, Cevian Capital AG and Cevian Capital (UK) LLP.

Below is a summary of how Cevian Capital's investment activities are compliant with the core principles of the Stewardship Code.

### **Principle 1: Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities**

Since its founding in 2002 - 2003, Cevian Capital has been solely dedicated to active ownership investing. We are clear and public about our conviction that owning shares not only brings rights, but also responsibilities. We actively seek opportunities where we can work with companies to enhance their long-term value through our active, constructive work. We publicly disclose our approach on our website and through other sources.

### **Principle 2: Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed**

Cevian has a robust policy in place to effectively manage conflicts of interest. Team members of Cevian may not engage in personal share trading and all investment professionals have incentives that seek to align the interests of our staff, our clients and our investee companies.

### **Principle 3: Institutional investors should monitor their investee companies**

As an active ownership investor, constant monitoring and engagement with investee companies is a salient component of Cevian Capital's investment strategy. Cevian's high ratio of investment professionals to portfolio companies (approximately 1.5-2 investment staff per company) supports engaged monitoring. Furthermore, Cevian's own investment professionals will join the boards of investee companies, improving oversight and bolstering the boards' performance, where Cevian and other shareholders deem appropriate.

### **Principle 4: Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value**

Cevian Capital's approach entails a broad spectrum of activities with all investee companies. Engaging with management and boards, working with other investors and voting at share holder meetings are all methods used to enhance engagement.

As each country in which Cevian invests has its own specific legal and regulatory framework, and as each company has its own ownership structure and dynamics, the exact mechanisms employed are decided on a case-by-case basis. Primary consideration is always given to maximising long-term shareholder returns.



**Principle 5: Institutional investors should be willing to act collectively with other investors where appropriate**

As an active ownership investor taking minority stakes in its investee companies, where appropriate Cevian is always willing to act collectively with other investors.

**Principle 6: Institutional investors should have a clear policy on voting and disclosure of voting activity**

As an active owner where voting is only a small component of its work, Cevian adopts appropriate voting and disclosure policies for each of its holdings.

**Principle 7: Institutional investors should report periodically on their stewardship and voting activities**

Cevian produces quarterly reports for its investors which include detailed commentary on its ownership and value-enhancement activities. In addition Cevian regularly holds telephone calls and meetings with its clients to report on its value-enhancement work with companies.