Sustainability Policy

Last approved by the Board of Directors of Investerum AB on February 23, 2022.

Table of contents

1 Our scope

Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (the "**Disclosure Regulation**") entered into force on 10 March 2021. The Disclosure Regulation is part of the European Commission's action plan for the financing of sustainable growth and the objectives include ensuring transparency and openness on sustainability-related issues.

The Disclosure Regulation states that financial market participants and financial advisers must act in the best interests of end-investors, including, but not limited to, the requirement to perform an appropriate due diligence prior to investments being made. Recital 12 to the Disclosure Regulation states that in order to fulfil its regulatory obligations, financial market participants and financial advisers should integrate into their processes, including due diligence, not only all relevant financial risks, but also all relevant sustainability risks that could have a significant adverse impact on the financial return of an investment or on the advice provided, and that such risks are to be continuously evaluated.

As a result, Investerum AB ("**Investerum**") has established and adopted the following Sustainability Policy ("**Policy**").

This Policy specifies how Investerum follows principles for responsible investment, how sustainability risks are incorporated in the investment decisions and in the investment advice provided to customers, and how Investerum takes principle adverse impacts into account in its decision making process and in its investment advices. The policy applies to all funds managed by Investerum and to all portfolios to whom Investerum renders fund management services (hereinafter referred together as "Funds"), as well as to the investment advice provided to customers (Sw. investeringsrådgivning).

2 Financial products and services

Investerum is to be regarded as both a financial market participant and financial advisor pursuant to the Disclosure Regulation, since the Company is authorized to both give investment advice and provide portfolio management.

Investerum provides investment advice to customers and thus gives investment advice to both professional and retail customers. The Company has authority from Finansinspektionen to advice on all financial instruments from within all regions.

Investerum also provides the service of portfolio management. The Company manages both individual portfolios and model portfolios on an individual basis where customers may select between different portfolios which the Company is managing on a discretionary basis.

Investerum provides portfolio management for funds and discretionary mandates.

3 Our values

At Investerum we strongly believe that there is no contradiction between growth and sustainability. We are active managers, and we invest through active bottom-up stock picking strategies where we aim to mainly invest in financially well maintained and profitable companies characterized by sound corporate governance together with social and environmental responsibility. Through active management, where every holding undergoes analysis, the fund manager tries to minimize potential sustainability risks in order to maximize long term value for shareholders and in turn for the fund's unit holders. Investerum's assessment is that through such an approach, the funds potential return will increase, and its risk will decrease. Companies having low intrinsic sustainability risks will have greater prospects of long-term growth and profitability than the opposite. We also exclude several sectors and industries. Investerum's goal is to create long-term superior risk-adjusted return in the Funds that we manage.

4 Our principles as wealth manager

In our role as manager, the overriding principle is to act in the best interest of our investors.

Our investment selection is made in accordance with traditional fundamental analysis. Assessments of a company's corporate governance and business ethics are central to the investment analysis. All three perspectives E, S, and G are important in our work where we incorporate aspects of environmental, social issues and corporate behaviour in our investment process. Investerum's investment strategy has several characteristics that define our role as wealth manager.

- We are active. Extensive company analysis helps us make better informed investment decisions and we constructively engage on issues that are important to us as manager.
- We are long-term. We see beyond the short-term gain and look for long-term investment value.
- We are responsible. Our fundamental bottom-up research process addresses and integrates investment risks and opportunities associated with relevant and material environmental, social, and corporate governance factors.

We aim to consciously exclude companies engaged in either of the activities below:

- Violations of Human Rights
- Environmental Damage
- Corruption
- Weapons of Mass Destruction
- Violations of Shareholder Rights

5 Integration of sustainability risks

A 'sustainability risk' means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

1. **How sustainability risks are integrated**
   Investerum operates through an active investment strategy where the capital manager continuously makes assessments about the investment objects business models, market positions, future prospects and sustainability risks. The scope of the analysed risks is environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. Based on the results from the analysis we form an opinion if we will invest or not.

2. **How sustainability risks are identified**
   Sustainability risks are identified through internal analysis. Investerum considers sustainability risks in conjunction with all investments which means attempting to identify and document what sustainability risks are relevant for each investment and how they are expected to affect the returns.

3. **How the due dilligence of potential sustainability risks is integrated**
   Investerum operates through an active investment strategy where the capital manager continuously makes assessments about the investment objects business models, market positions, future prospects and sustainability risks. The sustainability risk analysis and assessments are carried out by the fund manager before new investments occur.

4. **How the identified sustainability risks are evaluated and prioritized**

When it comes to sustainability risks there is no such thing as a multipurpose tool or an all-round general solution for everything. What is a severe problem in one industry can be off lesser importance in other industries. The identified sustainability risks are evaluated by the fund manager before new investments occur. Investerum's Investment Committee and the responsible fund manager will continuously follow up, review and, if necessary, update.

5. **Measures**
   At Investerum we are long term investors which is why we must carefully choose investments that are intrinsically sustainable. Our investments are deemed to be profitable, growing and deliver good returns in a sustainable way. An investment opportunity that is not deemed be sustainable will be passed. We also exclude investments that are involved in the manufacturing of controversial weapons meaning anti-personnel landmines, cluster munitions, chemical, biological, and nuclear weapons.

6 Identification and description of adverse impacts on sustainability

Adverse consequences for sustainability impacts refer to impacts that may have an adverse effect on sustainable development. Sustainability impacts are defined in the Disclosure Regulation as environmental, social, or personnel-related issues, respect for human rights, and combatting corruption and bribery.

The Company has decided to take adverse consequences for sustainability impacts into account when making investment decisions and has thereby identified the following potential adverse consequences regarding sustainability.

Adverse environmental consequences regarding sustainability impacts:

- High greenhouse gas emissions
- High energy consumption from non-renewable energy
- Damage to biodiversity
- High water consumption
- High levels of waste

Adverse social and personnel-related consequences regarding sustainability impacts:

- Lack of recognition by the ILO concerning workers' rights
- Gender discriminatory wages
- Child labour

Adverse consequences for human rights and combatting corruption and bribery:

- Lack of human rights policy
- Lack of commitment to comply with UN human rights principles
- Lack of anti-corruption and anti-bribery policies

Depending on the investment object's region and in which sector the investment object is conducting business activities different adverse impacts may be considered.

7 Prioritization of adverse consequences

The Company assesses and prioritize the adverse consequences an investment may have regarding human rights first. Fundamental respect for human rights is considered by the Company to be a prerequisite for long-term value creation and the Company shall not contribute to adverse consequences for human rights either in its own operations or in its investment decisions.

Thereafter, the company assesses adverse consequence for sustainability concerning the environment. Global warming is leading to serious consequences for the ecosystem, and the effects are already affecting the world economy to a considerable extent. Therefore, the Company first assesses the environmental impact that an investment decision may have.

Depending on the investment object's region and in which sector the investment object is conducting business activities different prioritization on adverse impacts may be done.

8 Measures

The Company takes measures to ensure that it does not contribute, by way of its investment decisions, to adverse consequences regarding sustainability impacts. Such measures include measuring a fund's impact on the climate, compliance with human rights and governance issues. This provides the Company with an in-depth understanding of the investment objects' environmental and climate impact, as well as any adverse consequences that they may have on human rights.

The Company also exercises effective influence by engaging in the investment objects in which the funds invest. As part of that work, the Company seeks to influence the investment objects in matters of human rights, as well as regarding climate and the environment.

In addition, the Company excludes investments in certain operations which by their very nature have adverse consequences for sustainability.

9 Principles in exercising ownership rights

As an owner on behalf of our clients, Investerum will address issues such as:

- Social issues, we promote sound labour and human rights practices and expect all portfolio companies to provide adequate solutions for human health and safety in their operations.

- Compliance with international conventions and norms, Investerum expects companies to conduct business in a manner which is in line with well-established and generally agreed international conventions and norms, such as the UN Global Compact's ten principles on human rights, environment, and anti-corruption. We seek not to invest in companies with severe or systematic ESG controversies where active shareholder engagement is deemed to have limited effect, affecting shareholder value negatively.

- Unethical business practices, we expect our portfolio companies to have zero tolerance against unethical or illegal business practices, bribery, corruption, and tax evasion. We believe that unethical business practices are a signal of bad management and short-term views making these companies less attractive as investments.

- Equal treatment of all shareholders, the company's corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders.

10 How we engage with portfolio companies

If we have identified relevant areas of improvement on specific ESG issues or if we believe that a portfolio company has behaved unacceptably in relation to our expectations as owners, we will evaluate if it is suitable for us as investors to initiate an engagement process where we seek to encourage and influence the company to make necessary improvements. Should such a breach be confirmed, we initiate a dialogue with the company where we aim to be constructive and supportive. However, if the company does not respond in an adequate manner or undertake the necessary changes, we may ultimately decide to divest our holding in the company.

We apply a range of methods to address the above issues in our portfolio companies:

1. Face-to-face discussions with managements and boards in company visits
2. Letters addressed to the management of our portfolio companies, highlighting key issues of concern including explicit requests for additional information
3. Voting at shareholders' meetings

11 Code of conduct and international standards et c.

We are signatories of Principles for Responsible Investments (UNPRI) https://www.unpri.org/ and members of Sweden's Sustainable Investment Forum (SWESIF) http://swesif.org/.

12 Website publication

Pursuant to Article 3 of the Disclosure Regulation, the Company shall publish on its website information regarding its policies for the integration of sustainability risks in its investment decision process.

Furthermore, Article 4 of the Disclosure Regulation stipulates that the Company is to maintain and publish information on its website regarding how the Company describes the adverse consequences for sustainability impacts that are to be considered in the investment decision process etc.

It is the duty of the Company's sustainability manager to ensure that the abovementioned information is published and, if necessary, updated.

13 Updating and amending this policy

This policy shall be reviewed regularly at least once a year or more frequently as required.

A review shall be carried out prior to the Company investing in a new type of asset or in a new region where special adverse consequences for sustainability impacts may be identified.

Changes to the policy shall be approved and adopted by the Company's Board of Directors.