

Sustainability Policy

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1 Background, scope and key definitions

Investerum AB (“**Investerum**” or “**the company**”) has established and adopted the following Sustainability Policy (“**Policy**”) to ensure compliance with the below mentioned regulations.

This Policy details how Investerum follows principles for responsible investment, how sustainability risks are integrated into investment decisions and investment advice provided to customers, and how Investerum takes principle adverse impacts into account in its decision-making process and in its investment advice. Further, this policy applies to all funds managed by Investerum and to all portfolios to whom Investerum provides fund management services (hereinafter referred together as “Funds”), as well as the investment advice provided to customers (Sw. investeringsrådgivning).

On 10th March 2021 Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (the “**Disclosure Regulation**”) was implemented across all EU member states. 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.

In addition to the Disclosure Regulation, Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (the “**taxonomy regulation**”) came into force on 1st January 2023. The goal of the taxonomy regulation is to set technical standards on sustainability-related information given to end-customers. Additionally, the taxonomy regulation sets out to create clear definitions of sustainable investments and provide a classification system which will allow consumers to compare investments from a sustainability perspective.

For a company or organisation to be considered sustainable according to the taxonomy it needs to fulfil four criteria related to the following six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystem

The four criteria:

1. Contributes substantially to one or more of the environmental objectives,

2. Does not cause significant harm to any of the environmental goals,
3. Is carried out in compliance with the minimum safeguards,
4. Complies with technical screening criteria that have been established by the Commission.

As of February 2023, there are only technical screening criteria for two of the six environmental objectives, climate change mitigation and climate change adaptation and only applies for certain industries such as energy, transportation, construction and real-estate organisations and forestry. Therefore, Investerum has decided not to incorporate the taxonomy requirements into its investment strategy or products and services Investerum provides. The Company intends to integrate the environmental objectives once there are technical screening criteria for all six objectives.

2 Our products

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

Investerum provides investment advice to both non-professional and professional customers. The Company has been authorised by the Swedish Financial Supervisory Authority (Finansinspektionen) to provide financial advice about all financial instruments.

2.1 Portfolio management

The Company manages both individual 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.

For information regarding our financial instruments, please consult table below:

Financial product	Type	SFDR classification	Characteristics	Environmental objective	Taxonomy-alignment
Investerum Strategic Value	Discretionary mandate/UCITS-fund	Article 8	Promotes environmental and/or social characteristics, integrates sustainability risks	N/A	N/A
Investerum Equity Value	Discretionary mandate/UCITS-fund	Article 8	Promotes environmental and/or social characteristics, integrates sustainability risks	N/A	N/A

Investerum Global Value	Discretionary mandate/UCITS-fund	Article 6	Integrates sustainability risks	N/A	N/A
Investerum Tailored	Discretionary mandate	Customisable (article 6 or 8)	Customisable	N/A	N/A
Investerum Navigator	Discretionary mandate	Article 6	Integrates sustainability risks	N/A	N/A
Investerum Value Portfolio	Model portfolio	Article 6	Integrates sustainability risks	N/A	N/A

2.2 Insurance services

The company provides advice about insurance products, such as insurance based investment products and has entered a partnership with a few carefully selected insurance distributors. When Investerum provides financial advice regarding insurance products the company is classified as a financial advisor under SFDR.

For further information regarding our insurance-based investment products and our partners, see *Förköpsinformation*.

3 Our values

At Investerum, we strongly believe that growth and sustainability go hand in hand. We are active managers and invest through bottom-up stock picking strategies. Our aim is to mainly invest in financially well maintained and profitable companies with good corporate governance practices that take social and environmental responsibility. Through active management, the asset manager attempts to minimise the potential sustainability risks to maximise long-term value for the shareholders and investors in the fund.

Investerum's belief is that by using this approach, the fund's potential return will increase, and its risk will decrease. Companies who are less exposed to sustainability risks will have greater prospects of long-term growth and profitability, rather than the opposite. Furthermore, we exclude several sectors and industries (such as the production of cluster munition, anti-personnel, chemical and biological weapons)

4 Our principles as wealth manager

In our role as managers, 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 managers.
- 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:

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

5 Integration of sustainability risks

Investerum has chosen to integrate sustainability risks into its investment decisions and financial advice. A sustainability risk can be defined as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential negative impact on the value of the investment.

1) How sustainability risks are integrated

Investerum operates through an active investment strategy where the asset manager continuously makes assessments about the investment object's business models, market positions, prospects and sustainability risks. The scope of the analysed risks are environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery measures. Based on the results from the analysis we decide whether we will invest or not.

2) How sustainability risks are identified

Sustainability risks are identified through internal analysis. Investerum considers sustainability risks in all its investment decisions, meaning that we attempt to identify and document which sustainability risks are relevant for each investment and how they are predicted to affect the returns.

3) How the due diligence of potential sustainability risks is integrated

Investerum operates through an active investment strategy where the asset manager continuously makes assessments about the investment's objects business models, market positions, prospects and sustainability risks. The sustainability risk analysis and assessments are carried out by the asset 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 of lesser importance in other industries. The identified sustainability risks are evaluated by the asset manager before new investments occur. Investerum's Investment Committee and the responsible asset manager will continuously follow up, review and, if necessary, update the risks associated with which investments.

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 on. We also exclude investments that are involved in the manufacturing of controversial weapons such as anti-personnel landmines, cluster munitions, chemical, biological, and nuclear weapons.

6 Identification and description of adverse impacts on sustainability

Adverse impact on sustainability factors refers to impacts that may have a significant 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:

- Greenhouse gas emissions (scope 1, 2 and 3)
- Carbon footprint
- Green house gas intensity of investee companies
- Exposure to companies active in the fossil fuel sector
- Share of non-renewable energy consumption and production
- Energy consumption intensity per high impact climate sector
- Activities negatively affecting biodiversity-sensitive areas
- Emissions to water

- Hazardous waste and radioactive waste ratio

Adverse social and personnel-related consequences regarding sustainability impacts:

- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- Lack of processes and compliance mechanisms to monitor compliance with OECD Guidelines for Multinational Enterprises
- Unadjusted gender pays gap
- Board gender diversity
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)

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 Prioritisation of adverse consequences

We assess and prioritize the adverse impact an investment may have on human rights, as fundamental respect for human rights is considered to be a prerequisite for long-term value creation. Consequently, the Company shall not contribute to adverse consequences for human rights either in its own operations or in its investment decisions.

Thereafter, we assess adverse impact an investment may have on the environment. Global warming has created undeniable consequences for the ecosystem, and affects the global economy to a considerable extent.

Additionally, we look at the investment object's company structure to make sure that the company has policies in place regarding governance, equality in the workplace and sustainability efforts.

Depending on the investment object's region and in which sector the investment object is conducting business operations, adverse impacts may be prioritised differently.

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 impact that they might have on human rights.

The Company also exercises effective influence by engaging with 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 climate and the environment aspects.

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

9 Principles in exercising ownership rights

As an owner Investerum will address issues on behalf of our clients 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 upon international conventions and norms, such as the UN Global Compact's ten principles on human rights, environment, and anti-corruption. Our ambition is to not 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 sign 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. 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 etc.

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 information on its website 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.

Amendments table

Approved by	Legal basis	Amendments	Approval date	Version
Board of Directors	Regulation (EU) 2019/2088 Regulation (EU) 2020/829	Implementation of the Disclosure and Taxonomy Regulations	2022-02-23	1.0
Board of Directors	As above	As above	2022-12-19	2.0
Board of Directors	As above	Annual review	2023-02-22	3.0
Board of directors	As above	Implementation of namechange for one fund	2024-01-11	4.0