Ruth Asset Management

Responsible Investment Policy

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Revision history

Version	Date of determination	Overall description of change
1	2024-02-12	First version
2	2024-12-28	The following changes have been made: • Editorial changes. • Clarifications and additions regarding roles and responsibilities. • Clarifications regarding DNSH. • Addition on new analysis model.
3	2025-05-06	Merge with exclusion policy, sustainability risk integration policy, and due diligence policy.

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1 Background and purpose

This policy constitutes the general sustainability policy for Ruth Asset Management's ("Ruth AM") work to integrate sustainability into its fund management and act as a responsible investor.

This policy contains the overall processes that describe in more detail the work to apply the principles of responsible investment such as; Integration of sustainability risks, Due Diligence and exclusions. In addition to this policy, there are also Principles for Shareholder Engagement.

At Ruth AM, we look at investments from a holistic perspective with the dimensions: return, risk and impact on sustainability factors. Ruth AM's management assignment is exclusively to act in the common interest of the shareholders. The management takes place within the framework of each fund's investment policy. Within the framework of the assignment, Ruth AM intends to act as a responsible owner.

Ruth AM believes that companies that take sustainability factors into account in their operations are better positioned for long-term value creation. It is therefore in Ruth AM's interest to invest in companies that adequately address environmental, social and governance aspects. As a financial player, we can also contribute to sustainable social development by channeling capital into sustainable investments. We do this by offering investment alternatives that maintain a good level of sustainability, as well as making it easier for consumers to choose sustainably.

Ruth AM integrates return, risk and impact on sustainability factors through responsible investments in accordance with this policy. The work on responsible investment and integrating environmental, social and governance (ESG) aspects into investment decisions has several objectives:

1) reduce the potential impact of sustainability risks on the value of an investment;
2) seize opportunities arising from a transition to a more sustainable world
3) Reduce negative impact on sustainability factors
4) contribute to a positive impact on the environment and social factors

By actively working for these purposes in asset management, Ruth AM fulfills its role as a responsible investor. The overall objective of asset management is to create a good long-term risk-adjusted return on assets under management. Responsible investment should be one way to achieve this goal.

Ruth AM also aims for the portfolio to be managed in line with net-zero emissions by 2050 at the latest, in line with the Paris Agreement and the EU Green Deal. In 2024, Ruth AM joined the Net Zero Asset Managers Initiative. As part of achieving this goal of net zero emissions, Ruth AM has a goal of annually measuring and reporting the carbon footprint of equities and corporate bonds.

Ruth AM has two frameworks that govern the sustainability work. ESG house view is the conceptual framework related to responsible investments. In addition, there is also a framework for sustainable investments that describes the method for ensuring sustainable investments.

2 Organization

Ruth AM is part of the Max Matthiessen Group, whose overall sustainability policy states that sustainability shall be a fundamental and guiding principle for all operations within Max Matthiessen.

2.1 Responsibilities and roles

2.1.1 Board

The Board of Directors is responsible for deciding on Ruth's work to integrate sustainability into the management and act as a responsible investor. The Board is responsible for reviewing and adopting this policy when necessary, but at least annually.

2.1.2 CEO

The CEO is responsible for creating internal procedures and processes to implement this policy and allocate the necessary resources. The CEO is also responsible for ensuring that sufficient knowledge and expertise are held by the relevant personnel, including the funds' managers.

2.1.3 Risk and performance committee

The Company's Risk and performance Committee meets quarterly or as necessary and is responsible for monitoring the external management's compliance with limits, including sustainability limits. It is also this committee that decides on divestment when an investment approaches a threshold set by the company or fund. Responsibility for the ongoing work on responsible investments lies with the management organization.

2.1.4 Fund management

Responsibility for the ongoing work on responsible investments lies with the management organisation. The CIO is responsible for reviewing and updating this policy as necessary, but at least annually. The CIO is also responsible for implementing the policy in the business.

Each fund's responsible fund manager is responsible for identifying and integrating principle adverse impacts on sustainability factors into day-to-day management.

2.1.5 Sustainability Analyst

The Sustainability Analyst assists the CIO in its responsibility to review and update this policy if necessary, but at least annually.

The Sustainability Analyst is also responsible for ensuring that the company publishes an annual report on how all funds have taken into account the indicators for principal adverse impacts in accordance with the template set out in Annex 1 to Commission Delegated Regulation (EU) 2022/1288.

The Sustainability Analyst shall also support the responsible manager in the implementation of this policy.

2.1.6 The control functions

In case of violations of this policy, this shall be reported to the Compliance Function. The risk control function is responsible for, in the second line, regularly monitoring sustainability risks based on the established risk framework and reporting the results to the Board of Directors. The compliance function is responsible for, in the second line, regularly checking that the company complies with external and internal rules in the management process.

3 Definitions

The Disclosure Regulation: includes a number of definitions, some of which are of particular relevance to the company. In relation to the company and its operations, the following key concepts are therefore defined.

'sustainability risk' means an environmental, social or governance event or circumstance which, if it were to occur, would have an actual or potential significant adverse impact on the value of the investment;

Sustainability factor: environmental, social and human resources issues, respect for human rights, and the fight against corruption and bribery.

'sustainable investment' means an investment in an economic activity that contributes to an environmental objective, as measured through, for example, key resource efficiency indicators relating to the use of energy, renewable energy, raw materials, water and land, waste generation and greenhouse gas emissions, or to impacts on biodiversity and the circular economy, or an investment in an economic activity contributing to a social objective; in particular, investments that contribute to tackling inequalities or that fosters social cohesion, social integration and labor relations, or an investment in human capital or economically or socially disadvantaged communities, provided that the investments do not cause significant harm to any of those objectives and that the investee companies follow good governance practices.

'financial market participant' means an insurance undertaking offering an insurance-based investment product (IBIP), an investment firm providing portfolio management, an institution for occupational retirement provision (IORP), a manufacturer of a pension product, an alternative investment fund manager (AIFM), a pan-European personal pension product (PEPP) provider, a manager of a qualifying venture capital fund registered under Article 14 of Regulation (EU) No 345/2013, a manager of a qualifying social entrepreneurship fund registered under Article 15 of Regulation (EU) No 346/2013, a UCITS management company, or a credit institution providing portfolio management.

Financial product: a portfolio managed under a discretionary mandate, an alternative investment fund (AIF), an insurance-based investment product, a pension product, a pension plan, a mutual fund, and a PEPP.

Greenwashing: Practices where sustainability-related statements, representations, or communications relating to a company, financial, product, instrument, or service may mislead consumers, investors, or society in that they do not reflect underlying sustainability characteristics or character.

4 General principles

Ruth AM is a signatory to and adheres to the UN-supported initiative Principles for Responsible Investment (PRI). The principles involve integrating ESG factors into analysis and decision-making, being active owners and influencing companies in a sustainable direction, working for increased transparency around ESG among the investment objects, promoting the use of the principles in the industry, collaborating for greater impact and reporting progress. These principles will guide Ruth AM's work with responsible investments.

4.1 ESG House View

The work on responsible investments has been conceptualized in a framework called ESG House View, which provides a structure for the work on responsible investments and the application of principles in various products. Within the framework of ESG House View, Ruth AM applies various methods to fulfill her role as a responsible investor, manage sustainability risks and to take advantage of opportunities such as opting out, opting in and working with influence. ESG House View sets up four categories of products that apply these methods to varying degrees, from basic criteria to more comprehensive. The four categories are: Basic, Elevated, Focused and Impact.

4.1.1 Sustainability categorization

The fund management company manages funds where sustainability is taken into account in different ways depending on whether the fund has a basic, elevated or focused level. A fourth category, impact, applies specific criteria and is not currently active.

Basic

Products managed in the Basic category have the lowest level of ambition regarding the integration of ESG factors in investments. The main focus is to reduce sustainability risks, but products can also in some cases promote sustainability factors by having environmental or social characteristics (in the SFDR sense). Methods used to manage sustainability risk are primarily the exclusion of sectors with elevated sustainability risk according to the exclusion section below. The category is not active.

Elevated

Products managed in the Elevated category have an ambition to integrate ESG factors into investments in order to both manage ESG-related risk and take advantage of ESG-related opportunities. Taking advantage of opportunities can be done, for example, through investments in companies that show a move towards becoming a more sustainable business. Products promote sustainability factors but generally do not make sustainable investments according to SFDR. Methods used to manage sustainability risk are primarily to exclude sectors with elevated sustainability risk according to the exclusion section and to select by analysing and rating assets. The products can also conduct engagement, for example, shareholder engagement.

Focused

Products managed in the Focused category have an ambition level to optimize the portfolio based on sustainability performance. Optimizing such sustainability performance can be done, for example, through investments in companies that are deemed to be the most sustainable among other companies in the same sector, companies that contribute to solving sustainability-related challenges, or companies that are well positioned to seize opportunities that come with the transition to a fossil fuel-independent economy. Products in the category promote sustainability factors and can also make sustainable investments according to SFDR. Methods used to manage sustainability risks are primarily to exclude sectors with elevated sustainability risk according to the exclusion section, inclusion by analyzing assets and influencing through shareholder engagement, for example.

Impact

Products managed in the Impact category have a level of ambition to bring about real change within a pre-defined problem. The category is not active.

Below is a summary of how the Fund Management Company's various funds are classified from a sustainability perspective.

BASIC	ELEVATED	FOCUSED	IMPACT
	Comfort Crafted by Ruth	Ruth Core Global Equities	
	Balance Crafted by Ruth	Ruth Core Global Small Cap	
	Expansion Crafted by Ruth	Ruth Core Swedish Equities	
	Intensity Crafted by Ruth	Ruth Core Nordic Small Cap	
	Ruth Core Emerging Markets	Ruth Core Nordic Credit	
	Naventi Defensive Flex*		
	Naventi Balanced Flex*		
	Naventi Offensive Flex*		

**The funds apply exclusions for Coal, Natural Gas and Commercial Gaming – 5 percent of turnover for production or production involvement and for Cannabis, Tobacco, Oil, Pornography and Controversial Weapons – 0 percent for production or involvement in production.

4.2 Analytical models to integrate sustainability factors

The fund company uses several analytical models to integrate and optimize sustainability factors, one of these is the analysis model (Sustainability CubeTM) which with several different data sources takes sustainability into account in three central dimensions. The model gives each potential investment a composite sustainability rating, as well as a rating in the different dimensions. The three dimensions are (a) environmental, social and governance risks and opportunities (ESG Leadership Score), (b) climate (climate transition score) and (c) contribution to the UN's 17 Sustainable Development Goals (UN Global Goals score).

The analysis model creates a platform for each company's sustainability profile and is used to select companies that are deemed to meet sustainability criteria based on the three perspectives.

In addition, the company uses an internal analysis model for the investment process of directly owned Swedish and global equities that integrates sustainability factors in order to ensure that relevant performance indicators are identified and prioritized. The model steers investments towards meeting the company's commitments to reduce emissions, manage sustainability risks and promote positive impact in line with the UN's 17 global goals. By combining quantitative data with qualitative assessments, a robust analytical basis is created that supports decisions about both individual investments and the portfolio's overall sustainability profile.

In terms of sustainable investments, the company's sustainable investment framework is used, as described in the section below.

4.3 Ruth AM's Sustainable Investment Framework

Ruth AM manages both funds that have sustainable investment as an objective and are classified as Article 9 under the SFDR and funds that promote environmental and social characteristics and are classified as Article 8 under the SFDR.

4.3.1 Promote environmental/social characteristics

Ruth AM's products that promote environmental or social characteristics do the least by assessing:

1) **Negative impact on sustainability factors.** The company shall prevent the investment from causing harm to any environmental or social objective by excluding companies that operate in sectors that are harmful to people and the environment or whose activities have a negative impact Do No Significant Harm (DNSH level1)
2) **Good governance.** The company shall assess good governance practices to ensure that its operations do not knowingly and repeatedly violate international conventions relating to labour law, human rights, the environment and corruption in accordance with the UN Global Compact and the OECD Guidelines forMultinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGP)

4.3.2 Sustainable investments

The SFDR defines sustainable investment as an investment in an economic activity that contributes to an environmental or social objective, does not cause significant harm to any of them, and complies with good governance practices. Ruth AM's products that make sustainable investments do so through the methodology set out in Ruth AM's sustainable investment framework. This framework contains Ruth's overall methodology for assessing what constitutes a sustainable investment based on the definition set out in SFDR 2.17:

3) **An investment in an economic activity that contributes to an environmental or social objective**. Ruth AM assesses contributions to an environmental or social goal based on the UN's 17 global development goals. The contribution is assessed on the basis of the impact on the outside world from activities of the companies. The activities can be sustainable by either contributing to a goal of reducing negative impact on the environment and society or contributing to a goal of solving established environmental or social challenges. Activities that are assessed are related to the company's revenues from products and services with a positive impact, as well as the company's efforts to conduct a sustainable business such as innovation and development, but also set goals and demonstrated progress.
4) **The investment does not cause significant harm to any of these objectives.** Ruth AM ensures that the investment meets the requirements not to cause significant harm to any environmental or social objective by assessing principal adverse impacts and assessing and excluding companies that contribute negatively to any social or environmental objective through their products, services or through the conduct of their operations.

   DNSH Level 1: Assessing whether an investment has a negative impact on sustainability factors (social or environmental) based on screening against exclusion policies and sanction lists.

   DNSH Level 2: Analyzes potential significant harm to specific environmental or social goals not identified in DNSH Level 1, by reviewing the impact on the UN's 17 Sustainable Development Goals based on products, services, or activities.

5) The investees comply with good governance practices. Ruth AM assesses the good governance practices of the investees, which ensures that the business does not knowingly and repeatedly violate international conventions relating to labour law, human rights, the environment and corruption according to the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights (UNGP).

What constitutes a sustainable investment can vary depending on the type of asset. Details and thresholds, as well as more detailed methodology and indicators used for the sustainability analysis and assessment, are specified in the respective product's pre-contractual disclosures.

4.4 Ongoing control

To ensure that the companies in which the funds invest live up to our requirements, a screening of all underlying holdings is carried out at least quarterly based on norm- and sector-based criteria and negative impact on sustainability factors. The screening is carried out using data from an external third party and the outcome is managed by the Risk and Performance Committee. In funds with outsourced management, the results are used as a basis for discussion in meetings with these and the discussion can result in Ruth AM selling the holdings. If sustainability criteria are not followed in internally managed funds, the fund will establish a dialogue with the companies in question. If, after dialogue, the company is still not considered to meet the sustainability criteria, the investment will be divested.

5 Sustainability risk integration

Ruth AM integrates sustainability risk into investment decisions by:

- analyzing sustainability-related risk categories relevant to the investment based on sector, product and/or service and geographical exposure and assess the potential impact of the risk on the value of the investment,
- strive to exclude companies operating in sectors that are harmful to people and the environment or whose operations have a negative impact and are thus deemed to have an increased sustainability risk,
- apply guidelines for proxy voting and corporate dialogue according to the Principles for Corporate Governance Engagement.

5.1 Sustainability risk identification

In sustainability risk, the company takes into account risks related to the environment, climate, human rights and working conditions, diversity and equality, and transparency issues. Identification of sustainability risks is integrated into the company's processes.

As part of the management, potential investments are analyzed in order to identify and consider sustainability risks. The risks are analyzed based on whether they are assessed to have an actual or potential significant negative impact on the value of the investment over time.

The company has the resources and expertise it needs to integrate sustainability risks. For the funds where management is delegated, the company annually requests confirmation that resources and expertise are sufficient.

All funds managed by the company integrate sustainability risk into the investment process. Sustainability risks are an important part of the analysis before an investment decision. Sustainability risks are taken into account in several parts of the management process, partly through the exclusion of sectors where the sustainability risk is assessed to be higher, and partly in the assessment of a company's return and risk potential. The company's funds weigh sustainability risks both before an investment and on an ongoing basis during the holding period.

In connection with the development of new products or changes in existing processes, the company shall ensure that sustainability risks are identified and integrated.

The company uses an external supplier to regularly identify sustainability risks through a review of the fund's holdings. For delegated management, the company also requests documentation in the form of an ESG form in which the delegated manager describes its sustainability work.

5.2 Sustainability risk analysis

Sustainability risks are analyzed based on whether they are assessed to have an actual or potential significant negative impact on the value of the investment over time. The risk is then integrated into the fund's overall risk level and forms part of the financial risk analysis that the company conducts for its funds. Sustainability risks are then continuously followed up through internal controls including monthly and quarterly reports (ESG risk screening). The integration of sustainability risks into the funds also follows from the company's general risk framework.

5.2.1 Sustainability risks as part of the general risk framework

The following risk areas and risks are the ones that are most relevant to the funds; credit risks, market risks, operational risks, liquidity risks and sustainability risks. In the management of the funds, the company shall take into account in its investment decisions the principle adverse impacts on sustainability factors and promote investments with a sustainable business model, such as environmental or social characteristics or a combination of these in accordance with the company's current policy.

It is the responsibility of the fund managers to ensure that the investment is consistent with the company's investment decision-making process with regard to sustainability prior to each investment and during the holding period. If a deviation is detected, action must be taken and the risk management function must be informed. Verification that the holding meets the company's sustainability requirements is carried out by each fund's responsible manager. Holdings that do not meet the requirements shall not be approved.

5.2.2 How KRI/KPI is set for different sustainability risks

Sustainability risks shall be regularly monitored and measured, so that the company at all times has the opportunity to ensure that the funds comply with binding parts of the pre-contractual disclosures. The company measures sustainability risks linked to the funds' sustainability profiles.

To follow up on the funds' sustainability risks, the company uses third-party data. The KPIs consist of the results of a regular review based on the fund company's exclusion policy and a norm-based review based on international norms such as the UN Global Compact. For funds with available data, KPIs are also measured in the form of Sustainability CubeTM scores. The rating takes into account sustainability risks in the form of, for example, sales related to sustainability goals and the objective of the investee to reduce sustainability risks.

Sustainability risks are part of the assessment when determining variable remuneration, see Remuneration policy.

5.3 Prioritization and risk-based approach

The company works on a risk-based basis, which means that the company prioritizes the risks where there is deemed to be the highest risk of deviations or consequences for the company.

6 Due Diligence

Ruth AM considers the principle adverse impacts on sustainability factors by:

- analyzing companies' performance within various key indicators of adverse impact and,
- striving to exclude companies that operate in sectors that are harmful to people and the environment or whose activities have a negative impact,
- striving to exclude companies that knowingly and repeatedly violate international norms and conventions according to the UN Global Compact and the OECD Guidelines for Multinational Enterprises
- applying guidelines for proxy voting and company dialogue in accordance with the Principles for Shareholder Engagement

6.1 Identification of principle adverse impacts on sustainability factors

The company has an obligation to identify and prioritize between the various principle adverse impacts that exist in relation to the environment, social issues, human rights, anti-corruption and bribery before an investment decision.

The company identifies the principle adverse impacts on sustainability factors in potential investees by analyzing the sustainability indicators decided by the Commission related to climate and environment, social and human resources, human rights, anti-corruption and anti-bribery. These are set out in Appendix 1 to this policy and are also referred to as "PAI indicators". The analysis of the identified sustainability indicators is part of the company's overall sustainability analysis.

6.2 Sustainable development indicators

Below are described the categories of indicators that aim to measure the principle adverse impacts on sustainability factors in relation to asset classes that are relevant to the Company. See Annex 1 to Commission Delegated Regulation (EU) 2022/1288 for a summary of the principle adverse impacts on sustainability factors.

6.2.1 Investments in companies

Investments in companies include the categories: greenhouse gas emissions, biodiversity, water, waste, and social and human resources.

- Greenhouse gas emissions include the data points: greenhouse gas emissions, carbon footprint, carbon intensity of invested companies, exposure to fossil fuels, share of non-renewable energy, and energy intensity in sectors with high climate impact.
- Biodiversity includes activities that have a negative impact in geographical areas that are characterized by sensitive biodiversity.
- Water comprises the number of tons of water discharges per EUR million invested in underlying holdings.
- Waste includes category the number of tons of hazardous waste per EUR million invested in underlying holdings. Social and human resources issues include: the proportion of invested capital involved in violations of the United Nations Global Compact (UNGC), the United Nations Guiding Principles on Business and Human Rights (UNGP), and the OECD, compliance control deficiencies

by the UNGC, UNGP and OECD, gender pay gaps, gender-diverse boards, and controversial weapons.

6.2.2 Investments in sovereign bonds

Sovereign bonds cover the categories of environmental and social issues.

- Environment includes greenhouse gas intensity within investing states.
- Social issues include social violations based on international norms.
- Additional indicators for sustainable development
- The Company has selected "Carbon Emission Reduction Lacking Policy" from Table 2 and "Lack of a supplier code of conduct" from Table 3 from Annex 1 to Commission Delegated Regulation (EU) 2022/1288.

6.3 Method and process

The company's Due Diligence process for new investments takes into account the principle adverse impacts (PAI) for sustainability factors within the framework of the funds' respective investment strategies.

Thereafter, the company continuously follows up the holdings and their compliance with the company's sustainability-related policies and frameworks. The screening is carried out using data from a third-party supplier where the holders' compliance with international norms and conventions is monitored.

This evaluation process is continuously progressing to ensure that portfolios and underlying holdings' work with principle adverse impacts comply with the company's guidelines and objectives.

6.4 Prioritization of principle adverse impacts on sustainability factors

The company will prioritize negative impacts associated with greenhouse gas emissions as well as social and personnel issues. Specifically, it refers to greenhouse gas emissions, carbon footprint, the greenhouse gas intensity of investee companies and exposure to fossil fuels. With social and human resources issues, the company prioritizes the proportion of invested capital involved in violations of the UNGC, UNGP and OECD respectively, as well as the proportion of controversial weapons.

Prioritization is partly made in the light of the availability and quality of data. During the continuous screening of the portfolios, a prioritization is made against the indicators where the data coverage is good. This prioritization will be reviewed as data coverage develops.

6.5 Action model

The company conducts at least quarterly screening of all holdings to which each fund is exposed. If the funds invest in other funds, the managers have regular dialogues with the fund managers. When the funds are direct owners of shares, a sustainability analysis is also carried out on the company to which the fund is exposed. In addition, engagement is carried out in relation to the funds' holdings in order to minimize the holdings' principle adverse impacts on sustainability factors.

The company has adopted an engagement policy in which the company specifies in more detail how the engagament work is conducted.

6.6 Impact on investment decisions

In the company's funds managed in accordance with Article 8 of the Disclosure Regulation, the principle adverse impacts are taken into account through the exclusion of companies in accordance with this policy and through dialogue with companies and/or underlying managers.

In the company's funds managed in accordance with Article 9 of the Disclosure Regulation, the consideration of principal adverse consequences means that the funds' investments exclude companies in accordance with this policy and only include companies that do not cause significant harm.

In cases where the company makes the assessment that holdings with proven deficiencies will not correct these, the holding shall be divested with the best interests of the unitholders in mind.

7 Exclusion

All funds must meet the Fund Management Company's basic criteria in the areas of environmental, social and corporate governance. Exclusions are one of the methods used to fulfil them and which express the Fund Management Company's values.

Exclusions are used as a method of integrating ESG factors into the investment decision-making process in order to:

1. reduce the potential impact of sustainability risks on an investment's value
2. Reduce negative impact on sustainability factors
3. ensure that the Fund Management Company fulfils its role as a responsible investor

The fund management company works to create a good risk-adjusted return for our customers while at the same time working for sustainable development. In asset management, it is mainly manifested through the integration of sustainability (ESG) factors into investment and decision-making processes, as well as through the use of corporate governance and advocacy tools.

7.1 General principles

The Fund Management Company excludes holdings associated with activities that are not deemed to be compatible with the Fund Management Company's view of sustainable development. This may be because the companies either repeatedly violate accepted norms or that they operate in controversial sectors. Exclusions are also applied to securities, including government securities, issued by states or companies domiciled in states that are subject to sanctions from the UN or the EU or that the Fund Management Company deems unsuitable to invest in due to high sustainability risk. A list of countries currently excluded from investment is kept up to date in the "Country Exclusion List" document.

The fund management company manages funds where sustainability is taken into account in different ways depending on whether the fund has a basic, elevated or focused sustainability level. A fourth category, (impact), applies specific criteria.

A summary of how the Fund Management Company's various funds are classified can be found in section 4.1.

7.1.1 Scope

The exclusion policy applies to all directly owned transferable securities in portfolios where the fund management company or its delegated manager has the authority to manage or delegate management to one of its partners.

For those funds that invest directly in individual companies, specific exclusion criteria are included in the prospectus. These may be more restrictive than those set out in the fund management company's exclusion policy. Externally managed funds are subject to investment guidelines that regulate exclusions under this policy.

Prior to an investment, it is ensured that the issuer is not subject to exclusion according to the fund company's exclusion policy. Similarly, prior to an investment in an underlying fund, a review of the fund's holdings is carried out.

Due to a lack of decision-making power regarding active management or the specific portfolio structure, or for the purpose of effectively managing client portfolios, investments made in the following categories must comply with specific rules:

- Passively managed assets and exchange-traded funds ("ETFs")

  Investments in passively managed index funds and ETFs that are made for the purpose of managing risk are not subject to the exclusion criteria in this policy. However, exposures to otherwise excluded sectors will never exceed 1% of the fund's net worth.

7.2 Norm-based exclusion

Norm-based exclusion refers to the review of investments based on compliance with ethical principles and norms expressed in international conventions and standards. The fund management company strives not to invest in companies that deliberately and repeatedly violate the following frameworks:

- UN Global Compact
- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights (UNGP)

7.3 Sector-based exclusion

Sector-based exclusion refers to the screening of investments based on activities in various controversial sectors. The fund management company strives to ensure that the funds do not invest in companies operating in controversial sectors whose products or services may cause significant negative impacts on sustainability factors, such as harm to people, nature or the climate. The fund management company has chosen to base this on the companies' share of turnover linked to these controversial sectors based on production and/or distribution.

A summary of controversial sectors where the Fund Management Company applies investment restrictions can be found in the section Exclusion thresholds.

Below is a review of each sector, the definitions used and the Fund Management Company's justification for possible exclusion.

7.3.1 Controversial weapons

Controversial weapons refer to weapons of a particularly inhumane nature such as cluster bombs, chemical weapons, biological weapons and nuclear weapons based on the following conventions:

- Ottawa Treaty (1997) (Convention for the Prevention of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction).
- The Convention on Cluster Munitions (CCM) (2008) prohibits the use of stockpile building, production and transport of cluster munitions.
- The Convention on the Prohibition of Chemical Weapons (1997), which prohibits the use of stockpiles, production and transport of chemical weapons.
- Biological Weapons Convention (1972) prohibiting the development, production, acquisition, transfer, stockpiling and use of biological and toxin weapons.

- Treaty on the Non-Proliferation of Nuclear Weapons (NPT) (1968) which limits the proliferation of nuclear weapons to the United States, Russia, the United Kingdom, France and China.

The funds exclude companies whose activities include the production or sale of cluster bombs, chemical and biological weapons and nuclear weapons.

The fund management company excludes companies that are manufacturers of specific products and/or whose services are linked to controversial weapons according to the limits in section 8, Exclusion limits.

7.3.2 Fossil fuels

Oil and gas

Oil and gas refers to upstream, midstream and downstream, excluding service. Upstream refers to exploration and production activity, while midstream includes the storage and transportation of crude oil and gas. Downstream refers to the refining and distribution of the end product.

As the extraction and use of oil and gas is a major source of global greenhouse gas emissions with an impact on global warming, the Fund Management Company excludes companies with operations in the production or distribution of oil and gas in accordance with the limits in section 8, Exclusion limits, with the exception of companies with transition potential. See section 6.5. Exemption for companies with verified transition potential.

Arctic drilling

Arctic oil and gas exploitation includes the ownership of an offshore lease and/or exploration or production activities in the Arctic Circle/Arctic Circle.

In Arctic drilling, oil spills can risk affecting biodiversity, the local population and increase the risk of climate impact. In addition to the impact on the environment, this can lead to significant clean-up costs. For this reason, the Fund Management Company has chosen to exclude companies with activities in production or distribution linked to Arctic drilling limits in section 8, Exclusion limits.

Oil sands

Oil sands are an oil reserve for energy production. The extraction of oil sands is carbon-intensive and can cause significant pollution at the sites where extraction takes place. In addition to the impact on the environment, this can lead to significant clean-up costs.

For this reason, the Fund Management Company has chosen to exclude companies in the production or distribution of oil sands in accordance with the limits in section 8, Exclusion limits

Thermal Coal

Coal is used for energy production. Burning thermal coal is a major source of global greenhouse gas emissions and global warming. Other environmental impacts from coal mining include negative impacts on ecosystems, local populations, and local environments.

The fund management company has chosen to exclude companies with operations in the extraction or distribution of coal in accordance with the thresholds in section 8, Exclusion thresholds.

7.3.3 Consumer

Tobacco

Tobacco refers to the production and distribution of cigarettes, cigars, electronic cigarettes, and snus. Tobacco is considered an unhealthy product that can lead to health consequences such as cancer. This can also lead to significant medical costs for society. As a result of court cases and lawsuits, tobacco companies are exposed to significant financial and reputational risks.

The fund management company therefore excludes companies that produce tobacco products or distribute tobacco in accordance with limit values in section 8, Exclusion limits.

Pornography

Pornography refers to material that depicts sexual activities in a challenging way. This can be considered controversial as it can include degrading material. Production refers to when companies are actively involved in pornography and/or media companies that own internet, cable or satellite channels where pornographic content is actively distributed.

The fund management company excludes companies that produce pornography or distribute pornography in accordance with the thresholds in section 8, Exclusion thresholds.

Gambling

Refers to products in gambling and gambling. As this is a sector where the product and/or service is not necessarily harmful, the Fund Management Company has chosen to apply the exclusion of companies with turnover from distribution or production linked to gambling according to the limits in section 8, Exclusion Limits.

Alcohol

Refers to alcoholic products for human consumption. As this is a sector where the product is not necessarily harmful, companies with turnover linked to the production and distribution of alcohol are excluded according to limit values in section 8, Exclusion limits.

7.4 Monitoring

The Fund Management Company regularly reviews all funds' investments and checks against external databases to see if any holdings have or are suspected to have violated accepted norms against the norm-based criteria (a controversy), and if there are holdings that fall within the framework of the Fund Management Company's sector-based exclusion criteria (exceeding a limit). The fund management company uses external parties for review.

Violations of the guidelines are handled by the Fund Management Company's Risk and Return Committee, where measures are decided. The responsible manager is asked to provide an explanation as to why the holding has not been excluded.

There are three possible measures:

- No action/Continued monitoring: If there are reasons or circumstances that mean that a divestment is not in the interest of the unitholders, the holding can be retained and monitored for follow-up.
- Engagement dialogue: If there is reason to believe that a change can take place, an engagement dialogue is initiated in accordance with the Fund Management Company's principles for shareholder engagement.
- Divestment/Request for divestment: If there is no acceptable reason, a divestment takes place, or the external manager is requested to divest the holding, provided that it is in the common interest of the unitholders.

7.5 Exemption for companies with verified transition potential

Part of the Fund Management Company's ambition to contribute to sustainable development and to achieve the Paris Agreement's goal of limiting the global temperature increase to 1.5 degrees is to carefully review investments linked to fossil fuels.

Sustainable development requires a reduction in dependence on fossil fuels, while many sectors remain dependent on fossil fuel sources. There are major challenges in the production, distribution and service of fossil fuels and in related sectors such as raw material extraction, transport, energy, public services and more.

A successful transition to sustainable development therefore requires a transformation of business models within a large part of society's infrastructure. Producers and distributors in the oil and gas category that make a strategic commitment to transform their business model from a dependence on fossil fuels may therefore be eligible for investment even though these fall within the scope of the exclusion criteria. The investment is then assessed based on the company's transition potential.

If the company meets a number of requirements that demonstrate a potential for change, this is sufficient for the Fund Management Company to include or retain a company in the portfolio. The following requirements must be met for investment to be considered:

- The company does not generate any revenue from thermal coal, Arctic oil/gas or oil sands.
- The company is actively working to reduce its greenhouse gas emissions and has set credible targets in line with the Paris Agreement's scenario "well below two degrees". This includes, for example, that the company has set science-based targets according to SBTi.
- The company shows progress towards its set goals, something that is followed up by the manager at a certain regularity.
- The investment decision must be approved and documented by the Fund Management Company's Risk and Performance Committee.

An exemption for transition potential is applied to the direct-investing self-managed funds.

In addition, companies involved in the production or distribution of fossil gas may be exempted from exclusions if they meet the criteria set out in the European Commission's Taxonomy Regulation.

8 Exclusion thresholds

The fund management company strives not to invest in companies with operations in sectors whose products or services can cause significant negative impacts on sustainability factors, such as harm to people, nature or the climate. The fund management company has chosen to base this on the companies' share of sales related to these sectors based on production and/or distribution.

Below is a summary of controversial sectors to which the Fund Management Company applies investment restrictions.

Area	Sector	Fundamental		Elevated		Focused		Impact	
		Production	Distribution	Production	Distribution	Production	Distribution	Production	Distribution
Weapon	Controversial weapon	10%	10%	0%	0%	0%	0%	N/A	N/A

Fossil Fuels	Oil & Gas (excl. service)	N/A	N/A	50%	50%	5% or Exceptions*	5% or Exception*	N/A	N/A
	Oil sands	10%	10%	5%	5%	5%	5%	N/A	N/A
	Arctic drilling	10%	10%	5%	5%	5%	5%	N/A	N/A
	Coal	10%	10%	5%	5%	5%	5%	N/A	N/A
Consumer Products	Tobacco	10%	10%	0%	5%	0%	5%	N/A	N/A
	Pornography	10%	10%	0%	5%	0%	5%	N/A	N/A
	Gambling	N/A	N/A	N/A	N/A	5%	5%	N/A	N/A
	Alcohol	N/A	N/A	N/A	N/A	10%	10%	N/A	N/A

*Exceptions may be applied to investments in companies with verified transition potential within the framework of investments in the Focused category, and then according to the Fund Management Company's criteria for transition companies. Exemptions do not apply to the sustainable investments in such funds, if these investments do not pass the Do No Significant Harm tests, according to the Fund Management Company's Sustainable Investment Framework under the SFDR.

9 About the company's other commitments

9.1 Principles of shareholder engagement

The company believes that companies that take ownership, ethics, environmental and social responsibility into account in their operations have better conditions for good value growth. It is therefore in the interest of unitholders that the companies in which the funds invest adequately manage relevant environmental, social and governance factors and risks. The company monitors the companies in which the funds are shareholders or otherwise invested in and can engage in dialogue with representatives of the companies if necessary.

The company's process for shareholder engagement looks different for different funds depending on whether they are managed within the company or if the management is delegated, and whether the fund invests directly in the companies or via other funds. Further information can be found in the company's Principles for Shareholder Engagement.

9.2 Codes of Conduct and International Standards

The company has signed and adheres to the UN-supported initiative Principles for Responsible Investment (PRI). The six principles focus on integrating sustainability factors into investment analysis and decision-making processes, as well as being an active owner. The companies in which the funds invest must also live up to the fundamental principles incorporated in the UN Global Compact, the OECD's guidelines for multinational enterprises in the areas of the environment, human rights, labour law, corruption, the UN Guiding Principles on Business and Human Rights and the guiding principles that follow the UNGP.

The company has signed the Net Zero Asset Managers Initiative, the Montreal Carbon Pledge, and signed the Tobacco Free Finance Pledge.

10 Conflicts of interest

Conflicts of interest that may arise from the application of the policy shall be managed and documented in accordance with the company's policy for managing conflicts of interest.

The company has identified conflicts of interest linked to commitments regarding sustainable management and the investment decisions made on behalf of the funds. The conflicts of interest are described in detail in the company's register for conflicts of interest. The conflicts of interest consist partly of risks linked to greenwashing and partly of conflicts of interest between the ambition to invest sustainably and the ambition to deliver good returns.

For more information on the identification and management of conflicts of interest related to sustainable investment commitments, please see the Conflict of Interest Management Policy.

11 Follow-up and reporting

The company's CIO is responsible for ensuring that the document is kept up to date on an ongoing basis with regard to conditions within the company. The CIO assists the CEO in the responsibility to review and update this policy at least annually, or as necessary. The sustainability manager shall assist the CIO in reviewing the effectiveness of the procedures that follow from this policy. The policy is adopted at least annually, or more often as necessary, by the company's Board of Directors.

The information set out in this policy shall be reported for all the company's funds on the website with a statement of the main negative consequences for sustainability factors.

12 Documentation

Responsible investment documentation must be retained for at least 5 years.