



STABELO ASSET MANAGEMENT AB

ESG POLICY



Decided by the board of STABELO ASSET MANAGEMENT AB 13 June 2018

1. INTRODUCTION

- 1.1 This Policy has been enacted by the board of Stabelo Asset Management AB ("The Company").
- 1.2 This policy will be applied on The Company and every fund The Company manages or will manage (referred to as "The Company").

2 PURPOSE OF THE POLICY

The Company aims to act with responsibility regarding issues about sustainability, social, and corporate management on behalf of its shareholder through following The Company's own and society's guidelines. The Company believes that risks tied to sustainability and corporate management might affect a fund's returns and the Company has a responsibility to act in the long-term interest of the fund's stakeholders on such issues.

With sustainability the Company refers to long-term commitments. The Company does so to procure long-term and lasting returns for investors. Sustainability may refer to, but not limited to, environmental and climate issues, social aspects such as human rights, employee rights and business ethic. Relevant sustainability issues may for instance be environmental and climate aspects in manufacturing and product development. Social issues involve for instance working conditions within The Company and its suppliers, and it entails anti-corruption struggles. With corporate management The Company refers to the decision-making by the owners, board, and management.

3. INTERNAL WORK WITH SUSTAINABILITY

- 3.1 The Company shall work for equal rights and for every individual's right to have the same opportunity for growth and development, no matter gender, gender identity, ethnicity, religion, disability, sexual orientation, or age. Stabelo has a zero vision against harassments and discriminations.
- 3.2 The Company shall actively hinder corruption, money laundering and other illicit actions, through, but not limited to, continuously education of its employees. Mapping and risk assessment shall be included in the Compliance function annual risk assessment presented to the board.
- 3.3 The Company's operation builds a digital platform with limited impact on the environment. The Company's impact consists mainly of electricity consumption, heating, and travel. The Company's technical solutions and digital business limits the need for paper and physical needs and contributes to a more resource efficient financial sector. The Company aims to reduce the operation and technical hardware's negative impact on the environment.
- 3.4 Through continuous product development The Company aims to contribute to a green development and a minimization of the operation's impact on the environment through complying with existing environmental legislation and

applying strict environmental standards on suppliers and business partners, and a limited use of fossil fuels, energy, water, material, and other products.

4. GENERAL PERSPECTIVE ON SUSTAINABLE INVESTMENTS

- 4.1 The Company invests in mortgages in accordance with a certain investment process. Stabelo invests pension funds' money in Swedish mortgages. It is of greatest importance that the portfolio Stabelo creates through responsible lending also generates robust risk-adjusted returns. Returns are created through the combination of strict identification, measurement, and management of credit risk, along with cost control and exact pricing. The focus on the long-term and costs are given particular emphasis, since returns on pensions are accumulated throughout an extensive period of time and costs are a significant factor on the ultimate pension capital. The process entails continuous judgment if an investment is in compliance with this policy. Should other funds be created and managed by The Company, they too shall comply with this policy.
- 4.2 Products that The Company invests in shall to the final costumer appear simple, transparent, just, and generate long-term value. This entails low and clearly outlined fees, facilitation of tools for evaluation of suitable indebtedness, focus on capturing the costumer's financial situation, and strong focus on compliance with rules regarding areas such as consumer protection, sound credit granting process and customer privacy data protection.
- 4.3 The Company shall have an open and transparent attitude towards regulators, which implies both proactively and reactively sharing high quality information from several tranches of the Company, and attention shall be given to both individual supervisory entities and to opinions forwarded within the framework of the Swedish FSA, Swedish Riksbank, and Swedish Debt Office standards for macro-supervision and consumer protection.
- 4.4 The Company will focus on to develop products that are sustainable but will also consider how the Company best can minimize its environmental foot print through follow environmental legislation, request sustainable efforts of suppliers and collaborators. The Company will also strive to minimize its own use of fossil fuel, energy, water and material.
- 4.5 The fund will not invest in corporations, shares, or other financial instruments that would give ownership rights. Yet, the fund will still aim to obstruct corporations that are involved in discriminations against international norms and conventions regarding the environment, human rights, workers' rights, and business ethic through abstaining hiring such corporations as partners or suppliers.

Through giving careful consideration to responsible household debt, maximal pension returns, employee's well-being and development, financial stability, and the environment, Stabelo aims to act as a catalyst for the development of a positive society.

The Company invests only in securities to deal with liquidity. The Company's investment policy admits only investments in interest-bearing securities (i) issued by the Swedish Government or guaranteed by the Swedish government with a remaining time to maturity equaling less than a year (ii) Swedish covered bonds with a remaining time to maturity equaling less than a year, The Company considers ESG-evaluation not needed.

While investments will not be made in corporations or securities issued by corporations, The Company shall in general obstruct the existence of the following:

- Corporations that manufactures or sells controversial weapons: anti-personal landmines, cluster munitions, chemical and biological weapons.
- Corporations that develops nuclear weapons programs or manufactures nuclear weapons.
- Corporations, whose turnover from coal extraction is in excess of 20 percent.
- Corporations that purposely or systematically violate fundamental human rights. This may refer to, but not limited to, torture, unlawful imprisonment, forced labor, and child labor or any other exploitation of children.
- Corporations that purposely hurts the local population or otherwise undermine the elected local administration's rule in the corporation's home country or the country where it operates.
- Corporations that purposely causes health or environmental hazards in substantial parts in their operations.
- Corporations that base their operations on the production of tobacco, alcohol, or pornographic material.
- Corporations that are considered to engage in corruption or bribery.

5. INFORMATION AND OVERVIEW OF ESG

5.1 The Company shall according to the framework share information about the funds management regarding sustainability. Information about the considered sustainability aspects and the method used shall be included in the funds information prospectus, and in the annual report or in a separate report. The standard that shall be used in such report is the standard developed by the Fondbolagens Förening, where it is applied. It is incumbent on the CEO to provide the information in Stabelo Asset Management's information prospectus and annual report.

5.2 The Company shall annually outline a sustainability overview detailing its work on sustainability issues and give concrete examples of how this work has progressed throughout the preceding year. The sustainability overview shall be readily available on The Company's website and shall be included in the annual report or in a separate report.

5.3 The sustainability overview shall be created in accordance with the standard produced by Fondbolagens Förening, where it is applicable, see bilaga 2.

5.4 The CEO is responsible for producing the annual sustainability overview.