

SEB Investment Management
Sustainability Policy February 2022



Adopted by the Board of Directors of SEB Investment Management AB on 24 February 2022.

1. Our view on sustainability

SEB Investment Management (SEB IM or the fund management company) is a leading asset management company in the Nordic region and offers a full range of products for private clients, as well as institutional investors. The mission of SEB IM is to use sustainable investments to create a better economic future for our clients.

SEB IM is convinced that companies which have a structured focus on sustainability will be more successful in the long term, and will thereby be able to generate a higher return on investment over time for our unit holders. A key aspect of our sustainability work is our active ownership, whereby we can influence companies to develop more sustainably, thereby adding value to our various investment strategies. SEB IM will contribute to sustainable development by investing in companies and other assets that contribute to the transition to a more sustainable global economy.

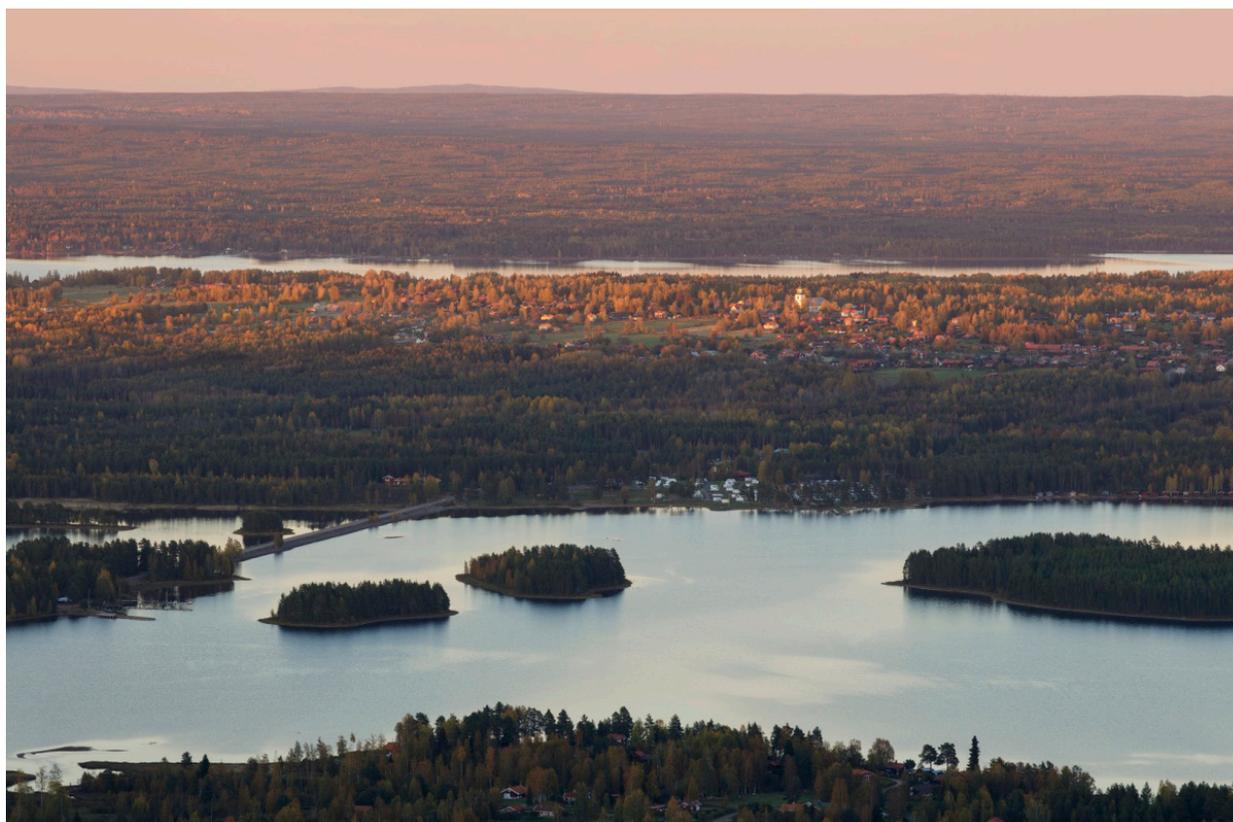
Sustainable investments involve the integration of environmental, social and corporate governance factors in investment processes and investment decisions, in order to better handle risks and opportunities, which is expected to lead to sustainable, long-term, value

creation. SEB IM has a special responsibility to act in the unit holders' interests concerning these matters.

The objective of SEB IM is to offer fund unit holders and other customers savings and investment opportunities on a sustainable basis, irrespective of the asset classes. SEB Investment Management seeks to only offer products intended to contribute to sustainable development or to integrate sustainability aspects in other ways.

SEB Investment Management encourages transparency and clarity concerning sustainability risks and opportunities, and therefore seeks continuous improvement in its own information in this respect.

This policy is complemented by SEB IM's Principles for shareholders engagement and the fund company's Climate Statement. SEB IM also follows the sustainability-related policies, sector policies and other positions adopted by SEB AB. The fund company may, in some cases, have a stricter application than stated in SEB AB's steering documents. In cases where SEB IM has chosen a stricter application it is stated in the policy.



2. Special focus areas

a. Agenda 2030 and the Global Sustainable Development Goals

The UN's 17 Global Sustainable Development Goals (SDG) have set the global agenda for nations, enterprises and society to address the major challenges of our time, in order to achieve sustainable economic growth, social integration and protection of the environment.

SEB IM will help to achieve the goals by investing in companies whose business models and activities make a positive contribution to achieving the goals. We will also minimise the negative impacts on the environment, climate, labour rights, human rights and business ethics as a direct or indirect consequence of our investments, by avoiding less sustainable business models and by exercising active ownership. sustainable economic growth, social integration and protection of the environment.



THE GLOBAL GOALS

b. Climate

Climate change and the rapid global warming, affecting the Earth's atmosphere, is currently the largest single challenge for society, enterprises and individuals. As an asset management company, the fund management company has a special responsibility to meet the needs of unit holders and clients to invest in solutions to the problems, in order to contribute to curtailing global warming. Our ambition is therefore to align our portfolios with the goal under the Paris Agreement to limit global warming to 1.5 degrees Celsius, compared to pre-industrial levels, in order to achieve net zero emissions by 2040. This will be achieved by avoiding investments in enterprises with activities and business models that have a particular negative impact on the climate and instead investing in enterprises that contribute to transformation and increased resilience.

The transition to a climate-neutral economy must take place on a basis that ensures respect for and protection of human rights.

As owners and investors, we must seek to influence enterprises to adjust their activities in this direction and work to achieve greater transparency concerning climate risks in both reporting and investment decisions.

3. Scope

This policy applies to all funds that are managed by SEB IM¹, including their branches. It always covers the funds' holdings of shares and bonds.

External funds², including funds that are building bricks in fund-of-funds: the fund management company must have signed PRI (Principles for Responsible Investment) or made an equivalent commitment. SEB IM's sustainability policy is applied to selection and follow-up, for example concerning exclusion criteria and ambitions for integration and active ownership. Deviations concerning exclusion may occur, but must be followed up and explained by the fund manager.

Derivatives:

SEB IM works actively to promote the development of derivative instruments and other instruments that match the high sustainability requirements set. In the first instance, products with a sustainability level in line with SEB IM's requirements are used.

Short positions:

SEB IM permits short positions in companies that, according to this policy, are excluded due to activities related to fossil fuels.

4. Organisation and governance

This policy has been adopted by the Board of Directors of SEB IM.

The CEO is responsible for compliance with the policy in all activities and, as required, draws up instructions to ensure compliance, follow-up and reporting concerning the policy.

Portfolio managers are responsible for implementing the policy in investment decisions and in dialogue with companies, with the help of an expert group specialising in sustainability and corporate governance.

SEB IM's Exclusion Committee takes decisions to exclude companies based on criteria laid down in this policy.

SEB IM's Engagement Forum coordinates and sets priorities for dialogue with companies.

¹ With the exception of funds managed on behalf of external parties, with fixed sustainability criteria.

² Including exchange-traded funds.

5. Methods

SEB IM's sustainability work embraces several perspectives and methods which together create value for our fund unit holders, but also for society at large. Interaction and balance between integrated sustainability analysis, exclusion and active ownership are vital for the generation of sustainable, long-term value.

a. Integration

SEB IM integrates sustainability perspectives in all investment decisions, and in the portfolio structure. By integrating analysis of risks and opportunities related to the environment, social responsibility and corporate governance issues in all investment decisions and company dialogue, we ensure meticulous handling of both risks and opportunities related to sustainable development.

b. Exclusion

SEB IM's funds exclude investments in companies that operate in sectors or business areas that are assessed to present major sustainability challenges. SEB IM's funds do not invest in ^{3,4}:

- Companies that are verified not to comply with international standards and conventions concerning human rights, the environment, anti-corruption or employment rights, and where the company cannot present clear goals and ongoing measures to address the issue.
- Government bonds issued by countries which are in serious breach of fundamental social and political rights, or countries which are sanctioned or embargoed by the UN, EU, US, or the UK.
- Companies that, in conflict with international conventions, are engaged in the manufacturing, development or sale of weapons. Examples of such weapons are cluster bombs, land mines, and chemical and biological weapons.
- Companies that contribute to the development of nuclear weapon programmes, or the production of nuclear weapons.
- Companies that produce tobacco or tobacco products, or companies which receive more than 5 per cent of their revenue from the distribution of tobacco products.
- Companies that produce cannabis for non-medical purposes.

- Companies that receive more than 5 per cent of their revenue from the production of alcohol.
- Companies that receive more than 5 per cent of their revenue from the production, distribution or service of commercial gambling.
- Companies engaged in the production of pornography or for which more than 5 per cent of their revenue comes from the distribution of pornography.
- Companies that produce⁵ fossil fuels, including unconventional extraction of fossil fuels, such as tar sands and deep-sea drilling in particularly vulnerable areas.
- Companies which generate energy from fossil fuel sources, unless the company has clear goals and can refer to ongoing active conversion to renewable energy sources, in line with the Paris Agreement.
- Companies where distribution linked to fossil fuels exceeds 5 per cent of total revenue.
- Companies for which services related to fossil fuels exceed 50 per cent of total revenue, unless the company has clear goals and can refer to ongoing active conversion from and reduced dependence on fossil fuels.

Some funds also exclude investments in:

- Companies that receive more than 5 per cent of their revenue from the development, production and service of weapons comprising combat equipment, or certain other military equipment.

Exceptions to the exclusion criteria can be made in individual cases, for example when SEB IM has an ongoing dialogue or for other reasons has insight into the company's operations and transformation work. With regard to fossil fuels, this applies, for example, to energy production and services, where the company has clear goals and shows ongoing active conversion to renewable energy sources and in line with the Paris Agreement.

c. Active ownership

As owners and investors, SEB IM must contribute to ensuring that sustainability risks and opportunities are in focus and are handled in the companies in which the funds invest. The fund management company believes that all companies should have a sustainability policy that covers various issues that are vital to the company's long-term competitiveness, for example concerning

³ If no revenue limit is set, zero per cent applies, which means that the company may not have any enterprises connected to the activity.

⁴ Deviations from the criteria may occur, for example when the fund has external labeling that places additional requirements on exclusion (ex Nordic Ecolabel), when the Exclusion Committee has decided on exemptions based on exclusion criteria or other conditions. Deviations may also occur for shorter periods of time when portfolios are screened quarterly and when divestments should take place in a controlled manner with reasonable regard to the company's clients or the management company.

⁵ Extraction and processing.

the environment, social responsibility and corporate governance. It is a fundamental requirement that the company demonstrates openness and transparency by reporting its work in annual reports or separate sustainability reports, so that the fund management company can continuously follow up and analyse the company's sustainability work and activities.

Dialogue may be either proactive or reactive. Proactive dialogue entails influencing companies in order to improve general sustainability initiatives, and also working proactively with the company on specific issues. Through corporate governance, the fund management company can influence companies through membership of nomination committees of companies in which we are major shareholders, and by voting at AGMs when the fund management company has a major interest in the company. Outside the Nordic region, we collaborate with other fund managers when we assess that this improves our opportunities to achieve more successful owner dialogue with foreign companies in which we normally have smaller ownership interests.

Reactive dialogue is pursued when situations arise where we assess that a company fails to fulfil international standards and guidelines. Through

dialogue, SEB IM will investigate the factual circumstances and any corrective measures planned by the company. The objective of each dialogue is to seek to achieve change so as to avoid future infringements, and to ensure that, in the longer term, the company adheres to applicable regulations and international standards.

All company holdings are reviewed regularly in order to identify any holdings that are in conflict with the fund management company's values concerning the environment, human rights, labour rights and anti-corruption. The fund management company's assessment of companies is thus based on objective review by an external party. In such cases, the fund management company must carefully assess the severity of the infringement and the reviewing party's assessment of the event.

If the identified infringements are confirmed and the company does not show an interest in change, or if the change process is unusually protracted, the fund management company will divest the holdings within three months if this is deemed to be beneficial for the unit holders. Sudden divestment may not take place, however, if this is detrimental to the unit holders or the fund management company.

