



Ruth Asset Management

Responsible Investment Policy

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Version history

Version	Date of determination	Overall description of change
1	2024-02-12	Preparation of documents.
2	2024-12-28	The following changes have been made: <ul style="list-style-type: none">• Editorial changes.• Clarifications and additions regarding roles and responsibilities.• Clarifications regarding DNSH.• Addition on new analysis model.



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1 Background and purpose

Ruth Asset Management's ("Ruth AM") Policy for Responsible Investment is the general policy for Ruth's work to integrate sustainability into its management and act as a responsible investor.

In addition to this policy, there are related policies that describe more detailed guidelines for applying the principles such as; Integration of sustainability risk, Due Diligence Policy, Exclusion Policy and 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 unitholders. The management takes place within the framework of each fund's investment policy. Within the framework of the mandate of 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 customers 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) factors into investment decisions has three 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.

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.

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.

3 Responsibilities and roles

3.1 Board

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

3.2 CEO

The CEO is responsible for creating internal procedures and processes to integrate the work, responsible investments 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.

3.3 Fund management

Responsibility for the ongoing work regarding responsible investments lies with the fund managers in the organization.

The CIO is responsible for reviewing and updating this policy, when necessary, but at least annually.

The CIO is also responsible for implementing the policy in the investment process.

3.4 Chief Sustainability Officer

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

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

3.5 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.

4 General principles

Ruth AM is a signatory to and adheres to the UN-backed initiative Principles for Responsible Investment (PRI). The six principles articulate signatories' commitment to integrate sustainability factors into investment analysis and to be active owners, transparent in their reporting and promote increased engagement in the sector. These principles will guide Ruth AM's work with responsible investments. 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 its role as a responsible investor, manage sustainability risks and to take advantage of opportunities such as exclusion, inclusion and engagement. ESG House View sets out four categories of products that apply these methods to varying degrees, from basic criteria to more comprehensive. The four categories are: Basic, Enhanced, Focused and Impact.

4.1 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 accordance with SFDR). Methods used to manage sustainability risk are primarily exclusion of sectors with elevated sustainability risk according to Ruth AM's Exclusion Policy.

4.2 Enhanced

Products managed in the Enhanced 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 demonstrate effort towards becoming more sustainable. 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 Ruth AM's Exclusion Policy and to select by analyzing and rating assets. The products can also apply methods to influence through, for example, proxy voting or other engagements.

4.3 Focused

Products managed in the Focused category have an ambition 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 Ruth AM's Exclusion Policy; to include assets by analyzing and rating these and to influence assets through, for example, proxy voting or other engagements.

4.4 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.

5 Governance

The Risk and Performance Committee is the governing body for the integration of sustainability into investment decision-making processes. The Committee decides on Ruth AM's ambition, strategic direction and principles for responsible investments, as well as approaches to sustainable investments, including sustainability data, product and sales-related issues. The Committee meets quarterly or as needed. Responsibility for the ongoing work on responsible investments lies with the fund managers in the organization.

6 Application of the SFDR

Below is a summary of Ruth AM's application of concepts within the SFDR such as sustainability risk, principal adverse impacts and promotion of sustainability factors, as well as Ruth AM's methodology for qualifying a sustainable investment under Article 2.17 of the SFDR. The methodology is described separately in the document Ruth AM's framework for sustainable investments.

6.1 Sustainability risk

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 assessing the potential impact of the risk on the value of the investment,
- striving 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, and
- applying guidelines for proxy voting and dialogue according to the Engagement Policy

Integration of sustainability risks takes place in accordance with the Policy for the integration of sustainability risks in the asset management process.

6.2 Principle Adverse Impacts (PAI)

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

- analyzing companies' performance within various key indicators of negative 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, and
- applying guidelines for proxy voting and company dialogue in accordance with the Engagement Policy

Consideration of principle adverse impacts is done in accordance with the Due Diligence Policy.

6.3 Promoting environmental/social characteristics

Ruth AM's products that promote environmental or social characteristics do so at least by:

- preventing 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 level 1)
- assessing good governance practices to ensure that the business does not knowingly and repeatedly violate international conventions relating to labor law, human rights, the environment and corruption under the UN Global Compact and the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGP)

For more information about the exclusions that Ruth AM makes, see the Exclusion Policy.

6.4 Sustainable investments

Ruth AM's products that make sustainable investments do so by meeting the criteria set out in Ruth AM's internal framework for sustainable investments according to SFDR. This framework contains Ruth's definition of sustainable investment based on the three criteria set out in SFDR 2.17:

- 1) An investment in an economic activity that contributes to an environmental or social objective.

Ruth AM assesses contribution to an environmental or social objective based on the UN's 17 global development goals. The contribution is assessed on the basis of the impact of company activities on the environment. 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.

- 2) 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+2).

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.

- 3) 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 labor 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 (UNGPs).

Assessment of whether an investment qualifies as a sustainable investment is made by analyzing against Ruth AM's framework for sustainable investments.

7 Analytical models

Ruth AM uses several analytical models to integrate and optimize sustainability factors, one of these is the analysis model (Sustainability Cube™) which with several different data sources takes sustainability into account in three central dimensions. The model gives each potential investment a combined 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 foundation 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 the case of sustainable investments, various external methodologies are used to analyze whether an investment meets the criteria, which are set by Ruth's Sustainable Investment Framework and thus the requirements of 2.17 SFDR. These are described in more detail in each product's pre-contractual disclosures.

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 key 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 development 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.

8 Monitoring

To ensure that the companies in which the funds invest live up to our requirements, a review of all underlying holdings is carried out at least quarterly based on norm- and sector-based criteria and negative impact on sustainability factors. The review is carried out using data from an external third party and the outcome is managed by the Risk and Performance Committee. In funds with delegated management, the results are used as a basis for discussion in meetings with the external manager, and the discussion may result in Ruth AM instructing the external manager to sell the holding. If sustainability criteria are not followed in internally managed funds, the fund will establish a dialogue with relevant companies in order to clarify the situation. Should the companies violate the fund's sustainability requirements, Ruth AM can sell the holdings.

9 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.

10 Documentation

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