Exclusion Policy 2024

Ruth Asset Management

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1 Purpose

Ruth Asset Management AB[1] (“the Fund Company) is a fund company operating in Sweden. The Fund Company is part of the Max Matthiessen Group and is 100% owned by MM Holding AB. Sustainability is a fundamental and guiding principle for all activities within Max Matthiessen. Max Matthiessen's overall sustainability strategy, objectives and sustainability policy govern the sustainability work of all subsidiaries within the group.

The Fund Company works to generate a good risk-adjusted return for our clients while promoting sustainable development. In the management, this is mainly manifested through the integration of sustainability (ESG) factors in investment and decision-making processes, as well as by using tools for corporate governance and advocacy.

2 Background

All funds must meet the Fund Company's basic environmental, social and governance criteria. Exclusions are one of the methods used to meet them and reflect the values of the Fund Company.

Exclusions are used as a method to integrate ESG factors into the investment decision-making process to

1) Reduce the potential impact of sustainability risks on the value of an investment
2) Reduce negative impacts on sustainability factors
3) Ensure that the Company fulfils its role as a responsible investor

3 Allocation of responsibilities

The Board of Directors is responsible for deciding on the Fund Company's framework for exclusions.

The CEO is responsible for creating internal procedures and processes to implement the agreed framework, deciding on the classification of funds and limits, and allocating the necessary resources.

The compliance function is responsible for regularly monitoring, at the second line, the implementation of the policy based on the established framework and reporting the results to the Board.

The responsible fund manager is responsible for applying the exclusion criteria in accordance with the policy before an investment and in the ongoing management.

4 General principles

The Fund Company excludes holdings associated with activities that are not deemed compatible with the Fund Company's approach to sustainable development. This may be because the companies either repeatedly violate accepted norms or operate in controversial sectors. Exclusions are also applied to securities, including government securities, issued by states or companies domiciled in states that are under UN or EU sanctions or that the Fund Company deems unsuitable to invest in due to the high sustainability risk.

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

A summary of how the Fund Company's various funds are classified can be found in the document Sustainability categorization 2023.

Before investing in a company, it is ensured that the company is not covered by the Fund Company's current Policy for exclusion. Similarly, prior to an investment in an underlying fund, a screening of the fund's holdings is carried out.

[1] Incorporated under the former name Naventi Fonder AB,

For those funds that invest directly in individual companies, specific exclusion criteria are included in each fund's investment guidelines. These may be more stringent than those listed in the Fund Company's Policy for exclusion. Funds with delegated management have investment guidelines that govern exclusions under this policy. The Policy for exclusions does not cover passive mandates.

The criteria for norm- and sector-based exclusion are presented in this document.

5 Norm-based exclusion

Norm-based exclusion refers to the screening of investments for compliance with ethical principles and norms expressed in international conventions and standards. The Fund Company aims to ensure that the funds do not invest in companies that knowingly and repeatedly violate the following framework:

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

6 Sector-based exclusion

Sector-based exclusion refers to the screening of investments based on activities in different sectors.

The Company strives to ensure that the funds do not invest in companies operating in sectors whose products or services can cause significant negative impacts on sustainability factors such as harm to people, nature or climate. The Fund Company has chosen to base this on the companies' share of turnover related to these sectors based on production and/or distribution.

A summary of controversial sectors around which the Fund Company applies investment restrictions can be found in the document Exclusion Limits 2023.

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

6.1 Controversial weapons

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

- Ottawa Treaty (1997) (Convention on the prevention of the use, stockpiling, production and transfer of anti-personnel mines and on their destruction).
- The Convention on Cluster Munitions (CCM) (2008) which prohibits the use of stockpiling, production and transportation of cluster munitions.
- The Chemical Weapons Convention (1997) which prohibits the use of stockpiling, production and transportation of chemical weapons.
- Biological Weapons Convention (1972) which prohibits 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 spread 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 Company excludes companies that are manufacturers of specific products and/or whose services are linked to controversial weapons according to the limits in the document Exclusion Limits 2023.

6.2 Fossil fuels

6.2.1 Oil and gas

Oil and gas refers to upstream, midstream and downstream, excluding services. Upstream refers to exploration and production activities, while midstream includes storage and transportation of crude oil and gas. Downstream refers to refining and distribution of the final 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 Company excludes companies with activities in the production or distribution of oil and gas according to the limits in the document Exclusion Limits 2023, with the exception of companies with transition potential. See point 8. Exemption for companies with verified transition potential.

6.2.2 Arctic drilling

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

In the case of Arctic drilling, oil spills can risk affecting biodiversity, local populations and increase the risk of climate impacts. In addition to the environmental impact, this can lead to significant clean-up costs. For this reason, the Fund Company has chosen to exclude companies with production or distribution activities linked to Arctic drilling from the limits in the document Exclusion limits 2023.

6.2.3 Oil sands

Oil sands are an oil reserve for energy production. Oil sands extraction is carbon-intensive and can cause significant pollution in the places where extraction takes place. In addition to the environmental impact, this can lead to significant clean-up costs.

For this reason, the Fund Company has chosen to exclude companies in the production or distribution of oil sands according to the limits in the document Exclusion limits 2023.

6.2.4 Thermal coal

Thermal coal is used for energy production. The burning of thermal coal is a major source of global greenhouse gas emissions and global warming. Other environmental impacts of coal operations include negative impacts on ecosystems, local populations and local environments.

The Fund Company has chosen to exclude companies with activities in the extraction or distribution of coal according to the limits in the document Exclusion limits 2023.

6.3 Consumer products

6.3.1 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. It can also lead to significant medical costs to society. As a result of court cases and lawsuits, tobacco companies are exposed to significant financial and reputational risks.

The Fund Company therefore excludes companies that produce tobacco products or distribute tobacco according to the limits in the document Exclusion Limits 2023.

6.3.2 Pornography

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

The Fund Company excludes companies that produce pornography or distribute pornography according to the limits in the document Exclusion Limits 2023.

6.3.3 Gambling

Refers to products in gambling and gambling products. As this is a sector where the product and / or service is not necessarily harmful, the Fund Company has chosen to apply exclusion of companies with turnover from distribution or production linked to gambling according to the limits in the document Exclusion limits 2023.

6.3.4 Alcohol

Refers to alcoholic products for 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 the thresholds in the document Exclusion thresholds 2023.

7 Monitoring

The Fund Company regularly reviews all the funds' investments and checks against external databases to see if any holdings have or are suspected of having breached accepted standards against the norm-based criteria (a controversy), as well as if there are holdings that fall within the Fund Company's sector-based exclusion criteria (exceeding a limit).

The Fund Company uses the following external parties for auditing:

- Morningstar Sustainalytics
- MSCI
- Bloomberg ESG

Violations of the guidelines are handled by the Fund Company's investment committee where measures are decided. The responsible manager is asked to provide an explanation as to why the holding was not excluded.

There are three possible actions:

- No action/Continued monitoring: If there are reasons or circumstances that make a divestment not in the best interest of fund unit holders, the holding may be retained and monitored for follow-up.
- Engagement: If there is reason to believe that a change may occur, an engagement process is initiated in accordance with the Fund Company's guidelines for shareholder engagement.
- Divestment/Call for divestment: If there is no acceptable reason, divestment takes place, or the external manager is called upon to divest the holding, provided that it is in the common interest of the fund unit holders in accordance with Chapter 4, Section 2 of the LVF.

8 Exemption for companies with verified transition potential

As part of the Fund 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, it is carefully reviewing investments linked to fossil fuels.

Sustainable development requires a reduced dependence on fossil fuels, while many sectors remain dependent on fossil fuel sources. Major challenges exist in the production, distribution and servicing of fossil fuels and in related sectors such as raw material extraction, transportation, energy, utilities and others.

A successful transition to sustainable development therefore requires a transformation of business models in 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 relevant for investment even though they 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 transition potential, this is sufficient for the Fund 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 Agreements "well below two degrees" scenario. This includes, for example, setting science-based targets under SBTi.
- The company shows progress towards its objectives, which is monitored by the fund manager on a regular basis.
- The investment decision shall be approved and documented by the Investment Committee of the Fund Company.

The transition potential exemption is applied for the directly investing self-managed funds.

Sustainability categorization 2024

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

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

BASIC	ENHANCED	FOCUSED	IMPACT
	Comfort Crafted by Ruth	Ruth Core Global Equities	
	Balance Crafted by Ruth	Ruth Core Global Small Cap	
	Balance Crafted by Ruth 2	Ruth Core Swedish Equities	
	Expansion Crafted by Ruth	Ruth Core Nordic Small Cap	
	Intensity Crafted by Ruth	Ruth Core Nordic Credit	
	Ruth Next Generation Equities	Ruth Global Change Equities*	
	Ruth Core Emerging Markets		
	Ruth Core Emerging Markets 2		
	Naventi Defensiv Flex**		
	Naventi Balanserad Flex**		
	Naventi Offensiv Flex**		

*The fund invest mainly in other funds

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

Exclusion thresholds 2024

The Fund Company strives to ensure that the funds do not invest in companies operating in sectors whose products or services can cause significant negative impacts on sustainability factors such as harm to people, nature or climate. The Fund Company has chosen to base this on the companies' share of turnover related to these sectors based on production and/or distribution.

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

Område	Sektor	Basic		Enhanced		Focused		Impact	
		Production	Distribution	Production	Distribution	Production	Distribution	Production	Distribution
Weapons	Controversial weapons	10%	10%	0%	0%	0%	0%	N/A	N/A
Fossil fuels	Oil & Gas (exkl service)	N/A	N/A	50%	50%	5% or exemption*	5% or Exemption*	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 can 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 Company's criteria for transition companies.

Ruth Asset Management. We craft and hand people the power of investment.

Ruth Asset Management

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