Policy for Responsible Investments 2024

Ruth Asset Management

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1 Introduction

Ruth Asset Management's ("Ruth AM") Policy for responsible investments is the overarching steering document for Ruth's work on integrating sustainability into asset management and acting as a responsible investor.

In addition to this policy, there are related policies that detail guidelines for applying the principles such as: Policy for the integration of sustainability risks in the asset management process, Policy for Due Diligence, Policy for exclusions and Policy for shareholder engagement.

Ruth AM is part of the Max Matthiessen Group, whose overall sustainability policy states that sustainability should be a fundamental and guiding principle for all Max Matthiessen's activities.

2 Background

At Ruth AM, we look at investments from a holistic perspective with the dimensions: return, risk and impact on sustainability factors.

Ruth AM's mission is exclusively to act in the common interest of the fund unit holders. The asset management is carried out within the framework of the respective fund rules. Within the framework of its mandate, Ruth AM aims 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 corporate governance aspects.

As a financial market participant, we can also contribute to sustainable social development by channelling capital into sustainable investments. We do this by offering investment options that maintain an adequate level of sustainability, and by making it easier for customers to make sustainable choices.

Ruth AM integrates return, risk and impact on sustainability factors through responsible investment in accordance with this policy.

3 Purpose

Responsible investment and the integration of environmental, social and corporate governance (ESG) factors into investment decisions have three purposes:

1) Reduce the potential impact of sustainability risks on the value of an investment.

2) Seize opportunities arising from the transition to a more sustainable world.

3) Reduce negative impact on sustainability factors.

By actively pursuing these objectives in asset management, Ruth AM fulfills its role as a responsible investor.

4 Objectives

The overall objective of the asset management is to generate a good long-term risk-adjusted return on the assets under management. Responsible investment is one way of achieving this goal.

Ruth AM also aims to manage the portfolio in line with net zero emissions by 2050 at the latest, in line with the Paris Agreement and the EU Green Deal. In 2022, Ruth AM (then Navigera) joined the Net Zero Asset Managers Initiative.

As part of achieving this net-zero emissions goal, Ruth AM has a target to measure and report the carbon dioxine footprint of equities and corporate bonds annually.

5 General Principles

Ruth AM is a signatory to and adheres to the UN-backed Principles for Responsible Investment (PRI) initiative. The six principles articulate the commitment of signatories to integrate sustainability factors into investment analysis and to be active owners, transparent in their reporting, and promote greater engagement in the sector. These principles will guide Ruth AM's work on responsible investments.

The work on responsible investments has been conceptualized in a framework called the ESG House View, which provides a structure for the work on responsible investments and the application of principles in different products.

Within the framework of the ESG House View, Ruth AM applies various practices to fulfill its role as a responsible investor, to manage sustainability risks, and to seize opportunities such as: exclusion, inclusion and engagement. The ESG House View sets out four categories of products that apply these practices to varying degrees, from basic criteria to more comprehensive. The four categories are: Basic, Enhanced, Focused and Impact.

5.1 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 on reducing sustainability risks, but products may also in some cases promote sustainability factors by having environmental or social characteristics (in the sense of the Regulation on sustainability-related disclosures in the financial services sector (SFDR)). In such cases, sustainability-related disclosures are provided in accordance with Article 8 of the SFDR. Methods used to manage sustainability risk are primarily the exclusion of sectors with elevated sustainability risk according to Ruth AM's Policy for exclusions.

5.2 Enhanced

Products managed in the Enhanced category have a level of ambition to integrate ESG factors into investments to both manage ESG-related risk and capture ESG-related opportunities. Taking advantage of opportunities can be done, for example, by investing in companies that demonstrate a move towards becoming a more sustainable business.

Products promote sustainability factors but generally do not make sustainable investments according to the SFDR. Methods used to manage sustainability risk are primarily to exclude sectors with elevated sustainability risk according to Ruth AM's Policy for exclusions as well as include assets by analyzing and rating these.

5.3 Focused

Products managed in the Focused category have a level of ambition to optimize the portfolio based on sustainability performance. Optimizing such sustainability performance can be done, for example, by investing in companies that are deemed most sustainable among other companies in the same sector, companies that contribute to solving sustainability-related challenges, or companies that are well positioned to take advantage of opportunities that come with the transition to an economy decoupled from fossil fuels. Products in this category promote sustainability factors and can also make sustainable investments under the SFDR. Methods used to manage sustainability risks are primarily to exclude sectors with elevated sustainability risk according to Ruth AM's Policy for exclusions; to include assets by analyzing and rating these and to influence assets through, for example, proxy voting or other engagements.

5.4 Impact

Products managed under the Impact category have a level of ambition to bring about a real-world change within a pre-defined problem. The category is under development.

6 Governance

The Investment Committee is the governing body for the integration of sustainability into investment decision-making processes. The Investment Committee is composed of, among others, the Chief Sustainability Officer, the CIO and chaired by the CEO. The Investment Committee decides on Ruth AM's ambition, strategic direction, and principles for responsible investment, as well as approaches to sustainable investment including sustainability data, product and sales related issues. The Investment Committee meets quarterly or as needed.

The management organization is responsible for the ongoing work on responsible investments.

7 Application of the SFDR

Below is a summary of Ruth AM's application of SFDR concepts 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 SFDR Article 2.17. The methodology is described separately in the Ruth AM Sustainable Investment Framework document.

7.1 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 as well as geographical exposure and asseing 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 activities have a negative impact and are thus deemed to have an increased sustainability risk.
- Apply guidelines for proxy voting and company dialogue according to the Policy for shareholder engagement.

Sustainability risk integration is carried out in accordance with the Policy for integration of sustainability risks in the asset management process.

7.2 Principle Adverse Impacts (PAI)

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

- Analyzing company performance in various key indicators of negative impact and:
- Seeking to exclude companies operating in sectors that are harmful to people and the environment or whose activities have a negative impact
- Seeking to exclude companies that intentionally and repeatedly violate international norms and conventions such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights
- Applying guidelines for proxy voting and company dialog according to the Policy for shareholder engagement

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

7.3 Promoting environmental/social characteristics

At a minimum, Ruth AM products that promote environmental or social attributes do so by:

- Preventing the investment from causing harm to any environmental or social objective by excluding companies operating in sectors that are harmful to people and the environment or whose activities have a negative impact (DNSH level 1).
- Assessing good governance practices which ensure that the business does not intentionally and repeatedly violate international conventions relating to labor, human rights, the environment and corruption according to UN Global Compact, UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises.

For more information on the exclusions made by Ruth AM, see the Policy for exclusions.

7.4 Sustainable Investments

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

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

   Ruth AM assesses the contribution to an environmental or social goal based on the UN's 17 global development goals. The contribution is assessed based on the impact of company activities on the environment. The activities can be sustainable by either contributing to a goal of reducing negative impacts on the environment and the society or contributing to a goal of solving recognized 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 sustainable operations 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 requirements for not causing significant harm to any environmental or social objective by assessing the principle adverse impacts and assessing and excluding companies that contribute negatively to any social or environmental objective through their products, services or the way they operate (DNSH level 1+2)

3) Investees follow good governance practices

   Ruth AM assesses the governance practices of investees to ensure that they do not intentionally and repeatedly violate international conventions relating to labor, human rights, the environment and corruption, as set out in the UN Global Compact, the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises.

   Assessment of whether an investment qualifies as a sustainable investment is made by analysis against Ruth AM's SFDR Sustainable Investment Framework.

8 Analytical models

The basis for the Fund Company's integration of sustainability is an analytical model (Sustainability Cube^{TM}) that uses several different data sources to take sustainability into account in three key dimensions. The model gives each potential investment a composite sustainability score, as well as a score in the different dimensions. The three dimensions are (a) environmental, social and governance risks and opportunities (ESG Leadership Score), (b) climate leadership (Climate Transition Score) and (c) contribution to the 17 UN Global 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 from the three perspectives.

For sustainable investments, the Sustainability Cube^{TM}, MSCI SDG Alignment Score, CF THOR, the EU Taxonomy and ICMA's Principles for Labeled Bonds are used to analyze whether an investment meets the criteria of the Ruth Sustainable Investment Framework and thus the requirements of Article 2.17 of the SFDR.

9 Continuous monitoring

To ensure that the companies in which the funds invest meet our requirements, a quarterly review of all underlying holdings is carried out based on norm and sector-based criteria and adverse impact on sustainability factors.

The review is performed using data from an external third party. The outcome is handled by the Investment Committee and reported to the Board as part of the regular risk reporting process.

In funds with outsourced management, the results are used as a basis for discussion in meetings with these and the discussion may result in Ruth AM selling the fund. If sustainability criteria are not followed in internally managed funds, the fund will establish a dialog with the companies in question in order to clarify the situation. Should the companies violate the fund's sustainability requirements, Ruth AM can sell the holdings.

10 Updating and adoption

The company's Chief Sustainability Officer is responsible for ensuring that the document is kept up to date regarding conditions within the company.

The policy shall be updated as necessary and at least annually. The Board of Directors shall adopt updates to the policy on the proposal of the Chief Sustainability Officer.

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

Ruth Asset Management

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