Coeli Sustainability Policy March 2021

At Coeli Asset Management AB (Coeli), we are convinced that we can make a difference and contribute to the development of a better and more sustainable society. Responsible ownership means not just focusing on financial returns, but also considering Environmental, Social and Governance (ESG) factors. Our customers are increasingly looking for returns from responsible and sustainable investments, and as an active owner with clear focus on ESG, we are convinced that we can make a difference and contribute to the development of a better and more sustainable society; for people, for the environment thus for societies as a whole, and be focusing on financial returns at the same time. This policy covers all Coeli's funds that invest in listed companies and, to the greatest extent possible, funds that invest in derivative instruments, real estate and unlisted assets. Holdings in the funds of other fund companies are covered by requirements on the external fund company to sign up to PRI or equivalent.

Climate focus

At Coeli we believe that climate issues represent not only risks but also opportunities for a long-term investor. Consequently, managing climate issues in a responsible manner is a prerequisite for the creation of good risk-adjusted returns over time. That is why we measure and report our funds' carbon footprint, with the aim of increasing focus on climate impact in our directly owned companies and externally managed funds.

We also analyse the total climate impact from our investments by summarising our exposure to climate risks in accordance with the Task Force on Climate-related Financial Disclosures (TCFD), an international framework with focus on transparency and reporting in relation to climate-related financial risks. On a long term basis, our funds are aiming to comply with the Paris Agreement; to lower carbon emissions over time and to meet the central aim to strengthen the global response to the threat of climate change, by keeping a global temperature rise this century to well below two degrees Celsius.

Expectations on corporate conduct

These days there are a number of expectations on the conduct and responsibilities of companies in relation to their surroundings, as set out in established international frameworks such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the Paris Agreement. The guidelines in these frameworks specify expectations on a company's responsibilities regarding human rights, labour, environment and anti-corruption. At Coeli we want to invest in companies that promote compliance with these frameworks and thus take responsibility for the potential negative environmental or social impact of their business operations. At the same time, we avoid investments in companies that do not satisfactorily take responsibility for their business activities and fail to implement measures against potential problems associated with the above guidelines.

As part of our work with sustainable and responsible investments, Coeli has also signed up to the UN-supported Principles for Responsible Investments (PRI) initiative, which aims to get investors to integrate ESG issues into their investment decisions and ownership practices. By applying these principles and reporting annually on the underlying parameters, we develop our sustainability measures and ensure the quality of our monitoring processes. On our website we disclose our UNPRI Signatory Report on a yearly basis.

Incorporating ESG issues

By incorporating environmental, social responsibility and corporate governance issues into our investment decisions and company dialogues, Coeli will impart influence on the companies in which we invest to adopt a more responsible and sustainable form of business conduct. We are convinced that companies with sustainable business models are more profitable, and by identifying such companies we create long-term value for our fund unitholders.

Imparting influence voting, engagement and escalation

As an active asset manager with focus on ESG issues, Coeli has an opportunity to impart influence on the companies in which we invest, not only through direct holdings but also via externally managed funds. The companies in which we invest are expected to take responsibility for their business activities and live up to the expectations set out in the international frameworks.

Coeli's primary strategy is to remain as an owner and try to impart influence on companies to act in a more sustainable manner, however, in certain cases our influence-oriented activities do not lead to an acceptable solution, in which case our investments in such companies are sold until such time the companies in question have implemented sufficient measures.

Our methods for imparting influence are entirely dependent on each individual situation and our assessment of the best way to achieve the desired outcome in each case. The objective, however, is always the same – to achieve better sustainability while also seeing an improvement in the companies' profitability. The achievement of this goal is to the benefit of both the environment and the people who make up our society.

By proactively working to impart influence, we contribute to companies' sustainability measures aimed at creating a better environment and society, and at the same time we also strengthen their competitiveness. Being proactive also facilitates the implementation of preventive measures so that incidents can be avoided.

The reactive influence-oriented work is performed together with other institutional investors via joint dialogues carried out by a third party, an external and independent provider of sustainability data and research. Each year around 100 dialogues are initiated with companies where controversies have been identified associated with international norms and standards for responsible business conduct within the areas of human rights, labour, environment and anti-corruption.

In cases where Coeli is not satisfied with the development or management of a portfolio company, the fund company must consider stepping up its shareholder involvement, a so-called escalation procedure. This takes place preferably by expressing Coeli's views via a direct contact with representatives from the portfolio company. Coeli is an independent fund management company but will consider cooperating with other shareholders in cases where this is deemed appropriate and in the common interest of the unit holders. Effects of escalation procedures shall be evaluated by the fund company. If Coeli does not see the possibility of being able to influence through an escalation procedure or by exercising the right to vote, the sale of the shares is one option.

Exclusion of unsatisfactory companies

Coeli does not invest in companies that fail to consider the guidelines and standards set out in international frameworks and are unable to demonstrate sufficient responsibility in relation to the implementation of measures aimed at addressing the identified controversy.

Basic criteria for all Coeli funds	Exclusion means that the funds do not invest in companies that are active within the following areas: ▪ The manufacture, development or sale of weapons that are in violation of international conventions. Examples of such weapons include cluster bombs and land mines as well as chemical and biological weapons (controversial weapons). In this context, the term controversial weapons refer to weapons that cause great suffering to the civilian population or have an indiscriminate impact on civilians. ▪ Involvement in the development of nuclear weapon programmes or the production of nuclear weapons. ▪ Companies that have been verified as being in violation of international standards and conventions regarding human rights, labour, environment or anti-corruption, and where it is not possible to identify a willingness on the part of such companies to come to terms with the problems.
Coeli Frontier Markets	In addition to the fund company’s basic criteria, this fund also has expanded exclusion criteria. The fund does not invest in companies or corporate groups where more than 5 percent of the turnover comes from the production of weapons, commercial gambling activities, pornography or the extraction of fossil fuels. The following criteria must be met by companies involved in alcohol and tobacco: ▪ The companies must have policies and practices for the management of responsible marketing, consumption and sale of their products. It must be ensured that no marketing is targeted at minors. ▪ *For French investors only:* Investors should note that, relative to the expectations of the Autorité des Marchés Financiers, this [UCITS] presents disproportionate communication on the consideration of non-financial criteria in its investment policy
Coeli Global Select	In addition to the fund company’s basic criteria, this fund also has expanded exclusion criteria. The fund does not invest in companies or corporate groups where more than 5 percent of the turnover comes from the production of alcohol, tobacco, weapons, commercial gambling activities, pornography or the extraction of fossil fuels.
Coeli Nordic Corporate Bond Fund	In addition to the fund company’s basic criteria, this fund also has expanded exclusion criteria. The fund does not invest in companies or corporate groups where more than 5 percent of the turnover comes from the production of alcohol, tobacco, weapons, commercial gambling activities, pornography or the extraction of fossil fuels.
Funds that invest in index-linked instruments	Funds that invest in index-linked instruments aim to follow the company’s basic criteria as closely as possible. However, differences may exist at company level in terms of the companies that are or are not excluded, depending on the external index provider that is used and their sustainability analysis. Please see each index provider’s website for more information about excluded companies.
Fund of funds (FOF)	Coeli’s funds of funds follow the fund company’s basic criteria. When evaluating external funds, we review how the fund company works with areas such as sustainability and exclusion criteria. When we invest in external funds, it is a requirement that the external fund company has signed up to PRI.

Allocation of responsibilities

This Policy for Responsible Investments has been adopted by Coeli's Board and is reviewed annually. Coeli's Risk Committee, which consists of the CIO, CEO and CRO, works continuously with the monitoring of our investments and ensures that the investments are following this policy. Since March of 2021 Coeli has a Sustainability Committee in place that is responsible for the sustainability strategy, KPIs, targets and engagements strategies in the asset management organisation. The asset management organisation is responsible for the implementation of sustainability strategies, and to incorporate ESG issues in its investment and decision-making process.

Sustainability Risk Policy

At Coeli we consider sustainability risks in our investment management process and it is an integrated part of our investment decision process. We analyse existing and potential holdings in the portfolios we manage on an ongoing basis and we get notified by our third-party data supplier when an event or incident occur related to ESG aspects of a company.

In the investment management process, we define sustainability risks as different aspects of ESG; an environmental, social or governance-related event or circumstance which, should it occur, would have an actual or potential significant negative impact on the value of an investment.

To consider sustainability risks in our investment process, we analyze data that shows whether there are identified shortcomings linked to responsible business in the areas of human rights, labor law, the environment and anti-corruption. Where there are identified shortcomings, we engage with those companies together with other investors. We also consider sustainability risks for specific countries and regions such as operational risks linked to natural disasters, inadequate resources, or issues related to working conditions. Sustainability risks are factored into the managers' investment decisions, taking into consideration that the underlying investment can decrease in value linked to specific sustainability risks.