Sustainable investing policy

As an active and responsible investor and asset manager, Coeli delivers a broad range of investment solutions across public and private markets. Our name Coeli is inspired by Atlas Coeli, the first map of the stars that shows their position with precision while giving a complete picture. With similar precision, we seek to create value for our clients with focused strategies and processes in mind. Our sustainable investing framework takes the same perspective.

For Coeli, sustainability is about perseverance, responsibility, trust, and good business. We care for people, the environment, society and our world. We attach great importance to thorough analysis in which environmental, social and governance (ESG) aspects are considered as factors alongside financial factors in a holistic manner in our due diligence and investment processes. We believe this helps us to make better-informed investments, and to prioritize areas where we can contribute to improvements and a positive outcome.

Sustainable investing, however, is not a one-size-fits-all for us. Coeli has a decentralized investment approach and is comprised by independent teams who invest and manage public and private assets across different asset classes and geographies. Hence, our sustainable investing framework contains a *Shared approach* – applied by all investment teams and a *Strategy-specific approach* – applied specifically by each investment team, and a *Sustainable Investing Council* – a forum where our investment teams share knowledge, discuss development, dilemmas, and collaboration, and help build a solid and scalable approach.

Application and scope

This Sustainable investing policy applies to all our investment teams, funds, discretionary mandates, and direct investments in Coeli[1] and scopes the guidelines for our sustainable investing framework containing our:

1. Shared approach
2. Strategy-specific approach
3. Sustainable Investing Council.

1. Shared approach

Our *Shared approach* applies to all our investment teams and contains the following four parts:

- 1.1 ESG integration
- 1.2 Stewardship and engagement
- 1.3 Investment restrictions and exclusions
- 1.4 Reporting and transparency.

1.1 ESG integration

All investment teams incorporate ESG data and sustainability information into the due diligence and investment process – as appropriate for their strategy and asset class – in order to identify and manage risks and opportunities in relation to the portfolio and/or underlying holding. Material ESG and sustainability aspects are considered as factors alongside financial factors in a holistic manner to help make better-informed investments, and to help prioritize areas where change, improvements, and a positive outcome can be achieved in the portfolio and/or underlying holding.

All investment teams have access to ESG data and sustainability information which are useful for the specific investment strategy, asset class, due diligence, and ongoing monitoring. The information is leveraged from a

[1] The Sustainable Investing Policy is approved by Coeli Asset Management AB; Coeli European AB; Coeli Frontier Markets AB; Coeli Global AB; Coeli Investment AB; Coeli Wealth Management AB. Coeli Investment AB shall comply with this policy in applicable parts.

variety of sources such as: Company disclosure; engagement with company management or government representatives; third-party research and data; and other publicly available information such as industry data and news.

Each investment team is responsible for assessing the **materiality of ESG data and sustainability information** as appropriate for their strategy and asset class – including both risks and opportunities, and for acting as stewards of the assets entrusted to us by our clients.

The investment teams are also **guided by international standards and principles** to assess good governance and identify potential violators of, for example: The UN Global Compact (UNGC); The OECD Guidelines for Multinational Enterprises and Corporate Governance; or The UN Guiding Principles on Business and Human Rights (UNGP).

Specifically, the investment teams consider ESG data and sustainability information as signals and indicators of **sustainability risks** and **principal adverse impacts** in the portfolio and/or underlying holding:

Sustainability risk

- We recognize that several ESG and sustainability aspects can carry negative consequences and pose actual or potential risks to our investments. Examples of such risks include but are not limited to environmental performance, climate change impact and energy transition, social aspects, supply chain management, corruption and fraud, community impact, governance and economic growth, or access to financing.
- Each team is responsible for establishing and implementing measures within its due diligence procedure and/or investment process, in order to identify and manage sustainability risks which are material for the portfolios under its management. Details of the measures shall be described in the specific investment management instruction for each fund and discretionary mandate.

Principal Adverse Impacts

- We recognize that an unintended consequence of some of our investments may include levels of adverse impact on broader aspects. Examples of such broader aspects include but are not limited to societal and environmental matters, labor and employee matters, respect for human rights, and anti-corruption matters.
- Each team is responsible for establishing and implementing measures within its due diligence procedure and/or investment process, in order identify principal adverse impacts of investment decisions on sustainability factors and seek to address and mitigate them. Details of the measures shall be described in the specific investment management instruction for each fund or discretionary mandate.
- Principal adverse impact of investment decisions on sustainability factors are considered both on entity level and on a product level. For more information, please see **Annex 1: Principal Adverse Impacts Statement.**

1.2 Stewardship and engagement

As active investors and asset managers, our teams are engaged in their investments covering a range of ESG and sustainability aspects that are identified in the due diligence and investment processes. Based on the investment teams' thorough knowledge and understanding, constructive dialogues are initiated with company management, regulators, interest groups, government representatives or peers, seeking to:

- Promote environmental and/or social factors
- Address and mitigate sustainability risks and principal adverse impacts, and/or
- Contribute to positive development and change.

Each investment team is responsible for establishing their engagement activities, which may come in the form of meetings, formal correspondence, participation at conferences, and exchange of information. Investment teams that invest in publicly listed companies are also able to exercise their ownership power by voting at general meetings. For more information, please see **Annex 2: Principles for shareholder engagement**.

1.3 Investment exclusion & restrictions

All investment teams adhere to investment restrictions regarding companies involved in weapons restricted under international conventions (i.e., cluster munitions, landmines, chemical and biological weapons, and nuclear weapons). This investment restriction is coded in our Trading & Compliance module, through which investing in restricted asset is not possible.

The investment teams may also exclude companies involved in unaddressed, verified breaches of norms such as the UN Global Compact (UNGC), The OECD Guidelines for Multinational Enterprises and Corporate Governance, or The UN Guiding Principles on Business and Human Rights (UNGP), and where constructive dialogue and engagement activities are assessed not to be fruitful.

Additional investment restrictions and exclusions are applied in our funds based on established exclusion criteria set up by each investment team, as described below in our *Strategy-specific approach*.

1.4 Reporting and transparency

We disclose our sustainable investing framework and provide sustainability-related information for each of our funds on our website. Our reporting complies with the EU regulations on sustainability-related information, which in summary requires transparency regarding:

- Sustainability risk policies (Article 3)
- Adverse sustainability impacts at entity level (Article 4)
- Remuneration policies in relation to the integration of sustainability risks (Article 5)
- Integration of sustainability risks (Article 6)
- Adverse sustainability impacts at financial product level (Article 7)
- Promotion of environmental or social characteristics in pre-contractual disclosures (Article 8)
- Sustainable investments in pre-contractual disclosures (Article 9).

We support voluntary principles-based frameworks for responsible investment and responsible business, and as signatories to the Principles for Responsible Investment and the UN Global Compact, we report according to these frameworks.

We also support of the Paris Agreement, and report our equity funds' carbon footprint according to the initiative Task Force on Climate-related Financial Disclosures (TCFD).

2. Strategy-specific approach

In addition to our *Shared approach*, each investment team applies their *Strategy-specific approach* to sustainable investing relevant to their fund. This includes, for example:

- A sustainable investment objective
- Themes or specific focus, such as Company sustainability-disclosure, Energy Transition, Gender Equality, Sustainable Development Goals, or UN Global Compact principles, and/or
- Promotion of specific environmental and/or social characteristics, and/or
- Specific investment restrictions and exclusion criteria, such as alcohol, arms, fossil fuel, gambling, pornography or tobacco.

For more information about each fund, please see **Annex 3: Overview of Coeli's Sustainable Investing approach** (Shared approach and Strategy-specific approach).

All investment teams are required to describe the details of their *Strategy-specific approach* in a specific investment management instruction for each fund and discretionary mandate.

3. Sustainable Investing Council

Coeli's Sustainable Investing Council consists of representatives from each Investment Team, Chief Investment Officer and Chief Sustainability Officer. It serves as a forum for coordination and collaboration across our investment teams, while acknowledging each investment teams' independence and autonomy.

The Sustainable Investing Council deals with critical issues related to sustainable investing, discusses trends, development, definitions, dilemmas, regulations, and reporting, and agrees on joint initiatives and cooperation.

The Sustainable Investing Council evaluates Coeli's Sustainable Investing Framework's Shared approach (ESG integration, Stewardship & Engagement, Investment Restrictions & Exclusions, and Reporting & Transparency) and agrees on suggested changes or adjustments.

Conflicts of Interest

Coeli is aware that potential or actual conflicts of interests may arise as part of our investment teams' shareholder engagement activities. Consequently, Coeli has policies in place for the purpose of taking all reasonable steps to prevent conflicts of interests. Where such conflicts cannot be avoided, Coeli will identify, manage and monitor the conflicts and, where appropriate, disclose them to clients to prevent them from adversely affect the interests of the clients.

Follow-up and control

The Policy for Sustainable Investing has been adopted by the boards of Coeli Asset Management AB; Coeli European AB; Coeli Frontier Markets AB; Coeli Global AB; Coeli Investment AB; Coeli Wealth Management AB.

The policy is revised at least annually.

The following monitoring and control functions are set up:

- Coeli's Sustainable Investing Council is responsible for this policy. The Council shall agree on development and suggested revisions of this policy.
- Coeli's investment teams are responsible for establishing and implementing specific investment management instructions for each fund and discretionary mandate under their management. This shall include consideration of sustainability risks, principle adverse impacts, and ESG matters in their investment and decision-making process.
- The CEO of each company is responsible for ensuring that specific investment management instructions have been established by the investment teams within their company. The specific investment management instructions shall be adopted by the CEO.
- The CEO of each company is responsible for ensuring that proper control measures are implemented in order to ensure compliance with this policy and the specific investment management instructions adopted by the company.
- The independent risk and compliance functions in each company are responsible for monitoring adherence to this policy and the specific investment management instructions of each fund and discretionary mandate.

Annex 1: Principle Adverse Impact Statement

Annex 2: Principles for Shareholder Engagement

Annex 3: Overview of Coeli's Sustainable Investing approach (Shared approach and Strategy-specific approach)