

E. Öhman J:or Fonder AB

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Responsible investment policy

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Öhman Fonder's responsible investment policy

This policy covers all funds managed by Öhman Fonder and applies to the funds' direct investments in Swedish and foreign shares and bonds. The policy is applied to the greatest possible extent to indirect investments via fund units and derivatives.

Öhman Fonder is a signatory of the UN-backed Principles for Responsible Investment (PRI) initiative, and its six principles guide our approach to responsible investment. In addition to PRI, we also support the 17 UN Sustainable Development Goals and comply with international conventions.

Öhman Fonder operates under the EU Sustainable Finance Disclosure Regulation (SFDR). Read more on each fund's page at ohman.se.

Öhman Fonder's philosophy

Öhman Fonder's overall mission is to generate long-term sustainable returns for our clients.

To achieve this, we need to keep pace with developments in the business environment and, ideally, stay one step ahead. By analysing the opportunities and risks associated with a given investment, we can clarify its full potential. We are convinced that environmental, social and governance (ESG) factors influence a company's ability to generate long-term sustainable growth, profitability and thus value for its shareholders.

By playing an active part in our investment process, in our advocacy work and as a partner for our clients, companies and other stakeholders, we contribute to a longer-term investment strategy in which environmental, social and governance factors are included in the investment process. We also act as a responsible owner and advocate high environmental and social standards and good corporate governance in the companies in which we invest.

ESG is integrated in the investment process

In the investment process, we maintain high awareness of the risks we are taking – the risks we are willing to accept and the risks we do not want to bear.

Before every investment decision is made, the company is analysed based on the positive and negative criteria that are significant to it and its sector and which may have an impact on the company's long-term financial performance. In this context, it is essential also to look at the impact of a company on people and the environment locally and to pay special consideration to any adverse environmental and social impact which the company's activities may generate.

In so doing, we make better and more well-founded investment decisions that can improve returns and mitigate risk over time.

Investment opportunities in which the company's products and services contribute in one way or another to overcoming current sustainability challenges while contributing to the company's long-term and short-term financial success are particularly attractive. This may, for example, involve companies that contribute through their products and services to renewable energy, cleaner water, health technology, or access to medicine, or contribute through their operating activities to less harmful emissions or greater gender equality, to give a few examples.

Active ownership

Öhman Fonder must play an active ownership role in respect of the capital managed on behalf of the unitholders in such a way that the interests of the unitholders are taken into account and with a view to achieving the best possible long-term sustainable return for the unitholders.

We continuously monitor the companies in which our funds invest for global sustainability risks and opportunities so that we can identify companies with which there is a need for an advocacy dialogue at an early stage.

This also applies to companies in which we want to be able to invest, but which need to adapt themselves and their activities to our requirements. The dialogues may be divided into proactive and reactive dialogues.

Proactive dialogues take place with companies which we identify as having opportunities to make a positive impact in areas such as the environment and climate, which may, in turn, attract more investors and generate better returns. Reactive dialogues take place in the context of an incident or controversy that we do not want to be repeated, such as discrimination. These are some of the reasons for initiating a dialogue:

- The company is the object of one of Öhman Fonder's focus areas
- The company is the object of an initiative that Öhman Fonder has decided to initiate, participate in or sign
- An incident or controversy that has occurred while Öhman Fonder has owned the company
- The company has poor sustainability reporting, which makes it difficult to analyse risks and opportunities

Depending on the company's circumstances and ability to change, a dialogue may normally last between one and five years.

As we are convinced that collaboration with other investors generates greater impact, we work extensively with other investors and, where appropriate, other relevant stakeholders.

In addition to advocacy dialogues, Öhman Fonder usually chooses to exercise its voting rights at least at general meetings of companies in which ownership amounts to one percent of the company's outstanding shares and at meetings deemed material for other reasons, such as an unsuccessful advocacy dialogue. Öhman Fonder may also, when the fund management company deems it justified based on the interests of the unitholders, exercise its voting rights at general meetings of all companies owned by the funds.

Companies in which we do not invest

Öhman Fonder does not invest in companies that systematically and materially breach international conventions.

Öhman Fonder also does not invest in companies with controversial business operations, for example those that produce or market controversial weapons (cluster bombs, anti-personnel land mines, nuclear weapons, chemical weapons) and companies that produce tobacco products or pornographic material. Nor does the Fund invest in companies in which more than 5% of sales are from the production and distribution of alcohol, or the distribution of tobacco, games of chance, weapons, munitions and cannabis.

We also do not invest in the production and extraction of fossil fuels.

In terms of countries, Öhman Fonder's bond funds do not invest in government bonds issued by countries subject to sanctions imposed by the UN Security Council.

To read more about the conventions to which Öhman Fonder adheres and more detailed information about our exclusion thresholds, see the Sustainability area on our website at ohman.se.

Exemption for fossil transition companies

That said, we also consider that many of the companies with exposure to fossil fuels can play a vital role in the transition from a fossil-based economy to an economy based on renewable energy. We believe these companies are on the brink of a significant, positive journey in which Öhman Fonder wants to be involved. Therefore, we have the opportunity to invest in companies in which more than 10% of sales are from coal-based energy production when the following three criteria are met:

1. The Company has set science-based climate targets in accordance with the Paris Agreement, through *the Science Based Target initiative* for example, or has committed to reducing climate emissions in line with that required under the Paris Agreement.
2. The company's investments support a transition to a fossil-free economy.
3. The company's operations are not primarily related to fossil fuels and a maximum of 50% of sales from fossil-related business is permitted.

Organisation of sustainability work

This policy is adopted by the Board of Directors of Öhman Fonder. The policy must be adopted and approved at least once a year even if no changes are decided.

The person responsible for updating this policy is the CEO or a person appointed by the CEO.

The Chief Investment Officer is responsible for the implementation of the policy. The managers are responsible for following the investment instructions provided for each fund, including the integration of sustainability in the investment process. The Head of Responsible Investment is responsible for Öhman Fonder's advocacy work. Öhman Fonder's Responsible Investment Committee is responsible for Öhman Fonder's overall position on controversial activities in our investments and oversight of our partnerships and initiatives.

Follow-up and transparency

Our internal control function checks daily that the funds' holdings comply with the current investment instructions. Deviations must be reported to the manager responsible, the CEO and the Head of Responsible Investment immediately, after which the Fund's manager must promptly liquidate the holding that is in breach of the Fund's investment instructions at the latest within three months.

It is important to us at Öhman Fonder to show that we live up to our policy and our stated ambition. We want to illustrate how we actually contribute to sustainable development and how we created the returns we deliver. This is why we report openly, transparently and regularly on our management and our sustainability work. This information is available on our website and in a Responsible Investment Report that we publish annually.